

EXHIBIT 1

CAUSE NO.

2009C115137

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Margaret G. Montemayor
District Clerk
Bexar District
Accepted by:
Veronica Rodriguez

IN THE DISTRICT COURT



XX
BARRY RUPERT AND CAROL RUPERT; DAVID §
QUINTOS AND DIANA DIMITROVA STOILOVA; §
ELIZABETH RUNKLE; LIONEL ALESSIO TRIAS, §
AS CO-FOUNDER OF FUNDACION DIGSA; DAN §
AULI PANOS, VICTOR AULI, NAYADE PANOS §
PECHE; ANA DEL CARMEN BALLESTEROS §
BERROCAL AND CARMEN BERROCAL MORA; §
ALBERTO BARON ADLER, RUTH BARON §
CHARNEY AND SYLVIA CHARNEY DE BARON; §
JOSE BEITMAN, GREGORIO BEITMAN, §
ABRAHAM DIAMANT, AARON MARCOS §
DIAMANT AND LIBE DIAMANT; NEAL BENNER §
AND CECILIA BENNER; JORGE MANUEL §
BRENES RAMIREZ; GERMAN BRICIO §
ARZUBIDE; DAVID CABRERA; FRANCISCO §
CABRERA AND ELIZABETH CABRERA; FRANK §
CAMMISANO; LUIS CHARUA GUINDIC AND §
ADELA LEVY DE CHARUA; ELIAS CHARUA §
LLADANI; MOISES CHARUA GUINDIC AND §
LILIA GARCIA BUSTAMANTE; JAMES COLLINS §
AND REBECCA COLLINS; PAULO COSTAL; §
JORGE CARLOS GONZALEZ DE COSSIO §
SEPTIEN, MARIA ISABEL GONZALEZ DE COSIO §
SEPTIEN AND MARIA GUADALUPE SEPTIEN §
HERRAN; ARNOLDO DE LEON SANCHEZ, LUIS §
GONZAGA DE LEON GONZALEZ, LUIS §
GONZAGA DE LEON SANCHEZ, MARIANA DE §
LEON SANCHEZ AND JORGE ANTONIO DE §
LEON SANCHEZ; CARLOS ESTRADA, JOSE §
ESTRADA, AND RICARDO ESTRADA; PILAR §
BRUN LOSCERTALES, ANGEL GONZALEZ DE §
COSSIO CASTANEDO, MARIA DEL PILAR §
GONZALEZ DE COSIO BRUN AND MIGUEL §
ANGEL GONZALEZ DE COSSIO BRUN; MOISES §
GUAKIL CHAIYO AND TERESA CHAIYO DE §
GUAKIL; SARA GUINDIC DE HALAT; DAVID §
HAZOURI NEME AND LUISA MARTHA §
ABDULNOUR HADDAD; CARLOS AUGUSTO §
HERNANDEZ GUERRERO; ANTONIO ASSAD §
KANAHUATI; BERTHA KLEIMAN; DANIEL §
KLEIMAN GUINDIC; M & S KUHN §
PARTNERSHIP, LTD.; R & C KUHN §
PARTNERSHIP, LTD.; ELISA JAFIF COHEN AND §
SERGIO ERNESTO KUSNER NOWOGRODZSKY; §

73rd JUDICIAL DISTRICT

BEXAR COUNTY, TEXAS

ISAK LEMPERT; CAROL LOVIL; DAMIAN §
LYDER; JUANA INES PERDOMO DIAZ; MARIA §
NELINA COLLADO DE PEREZ, BERNARDO §
RAMON ANTONIO PEREZ COLLADO AND §
MARIANELA COVADONGA PEREZ COLLADO; §
LEONOR MARIA DEL CARMEN LEZAMA §
SANCHEZ DE RODRIGUEZ, MARCOS GIL §
RODRÍGUEZ LEZAMA, ALEJANDRO ALFREDO §
RODRÍGUEZ LEZAMA; LABTEC INV. CORP.; §
LABORATORIO DE CONTOL A.R.J. SA DE CV; §
MARIA ISAACSON RODRIGUEZ AND GIL §
RODRIGUEZ ISAACSON; JUAN CARLOS §
SANCHEZ; MENAHEN SHUEKE ESSES AND §
JANETTE YAKIN DE SHUEKE; MARTHA §
GRACIELA SUAREZ Y COELLAR; SERGIO RAUL §
SUAREZ COELLAR; JACOBO TARTAKOVSKI §
AND THALIA UCHMANY; FRED TELLER AND §
SUE TELLER; EVA UCHMANY; GONZALO §
URQUIZA GONZALEZ COSIO AND MARIA §
TERESA CORREDOR ESNAOLA DE URQUIZA; §
CARMEN GONZALEZ COSSIO CASTANEDO DE §
URQUIZA, MARIA DEL CARMEN URQUIZA §
GONZALEZ DE COSSIO, ALFONSO URQUIZA §
GONZALEZ DE COSSIO, EDUARDO URQUIZA §
GONZALEZ DE COSIO, JUAN IGNACIO URQUIZA §
GONZALEZ COSIO, ANGEL URQUIZA §
GONZALEZ COSIO AND JAIME URQUIZA §
GONZALEZ COSIO; REBECA MORGENSTERN DE §
WAXTEIN, §

PLAINTIFFS §

V. §

ROBERT S. WINTER; BOWEN MICLETTE & §
BRITT, INC. F/K/A BOWEN, MICLETTE, §
DESCANT & BRITT, INC.; AMY S. §
BARANOUCKY; WILLIS OF COLORADO, INC.; §
WILLIS GROUP HOLDINGS, LTD.; RICARDO §
ABUABARA; JOHN BUZZELL; ABRAHAM §
DUBROVSKY; MIGUEL ANGEL GARCES; JANIE §
R. MARTINEZ; FABIO RESTREPO; ORESTE §
TONARELLI; ALEMAN, GALINDO, CORDERO & §
LEE TRUST (BVI) LIMITED; ALEMAN, §
GALINDO, CORDERO & LEE; JAIME ALEMAN; §
AND ANIBAL GALINDO, §

DEFENDANTS §

PLAINTIFFS' ORIGINAL PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

NOW COME Barry and Carol Rupert, David Quintos, Diana Dimitrova Stoilova, Elizabeth Runkle and the other Plaintiffs named herein below complaining of Robert S. Winter; Bowen Miclette & Britt, Inc. f/k/a Bowen, Miclette, Descant & Britt, Inc.; Amy S. Baranoucky; Willis of Colorado, Inc.; Willis Group Holdings, Ltd.; Ricardo Abuabara; John Buzzell; Abraham Dubrovsky; Miguel Angel Garces; Janie R. Martinez; Fabio Restrepo; Oreste Tonarelli; Aleman, Galindo, Cordero & Lee Trust (BVI) Limited; Aleman, Galindo, Cordero & Lee; Jaime Aleman; and Anibal Galindo, and would respectfully show unto the Court the following:

1. The Plaintiffs intend for discovery to be conducted under Level 3 pursuant to TEX. R. CIV. P. 190.4.

I. Introduction

2. Sir R. Allen Stanford built Stanford International Bank, Ltd. ("SIB") in to an \$8 Billion dollar enterprise that attracted 30,000 investors from the United States, Mexico, Venezuela, and dozens of other countries. On February 17, 2009, the Securities and Exchange Commission filed a lawsuit in the United States District Court for the Northern District of Texas that shut down SIB once and for all, calling it "a massive Ponzi scheme." Many unanswered questions remain about how Stanford, a former gym operator from Mexia, Texas, came to operate a multi-headed hydra of a financial empire from the Caribbean island nation of Antigua and Barbuda, but the one thing that can be said for sure is that, much like a turtle sitting on top of a fence post, he did not get there all by himself.

3. SIB posed as a safe bank backed by well-placed insurance policies from reputable carriers conditioned on "stringent risk management reviews." This half-truth was an irresponsible statement made without proper disclosure, and it did even more damage than an out-and-out lie. SIB and its affiliated companies' promotional and marketing materials are filled with references to "depository insurance," "Excess FDIC Insurance," SIPC insurance, and banker's bond insurance. Robert Winter, Bowen, Miclette & Britt, Inc., Amy S. Baranoucky, the Willis Group and Willis of Colorado, (the "Insurance Defendants") took responsibility for "Insurance & Risk Management" for SIB and held themselves out to the depositors as the persons and entities responsible for performing those functions for SIB. For years, the Insurance Defendants consented, allowed and encouraged SIB to list them on SIB's publicly distributed Financial Statements as the providers of "Insurance & Risk Management" services for the banks. Each of them sent "Safety & Security" letters that led depositors to believe that there were insurance policies intended to protect the depositors' interests. Instead, what little insurance coverage existed was there to protect the bank's shareholder R. Allen Stanford, his assets, and his close friends and advisors, not SIB's depositors.

4. The Insurance Defendants were the ones responsible for placing that insurance coverage, and the Insurance Defendants represented to all of the SIB depositors and the Plaintiffs that the coverage had been placed. The Insurance Defendants were responsible insurance professionals who provided professional services to SIB and who are liable to the Plaintiffs under the Texas Insurance Code and Colorado Consumer Protection Act for the roles they played at SIB. Each of the Insurance Defendants is liable to the Plaintiffs for the negligent misrepresentations they made about deposit insurance at SIB. The Defendants' misconduct in the business of insurance also

makes them liable to the Plaintiffs for violations of the Texas securities laws. The Defendants are responsible for the Plaintiffs' lost deposits in the amount of \$79,136,477.35.

5. R. Allen Stanford set up a number of trust companies such as Stanford Trust Company ("STC") and Stanford Trust Company, Ltd. ("STCL") doing business as Stanford Fiduciary/Investor Services ("SFIS") (collectively the "Trust Companies") to serve as the trustee of trusts settled by some of the Plaintiffs and further lure depositors into purchasing Stanford CDs. These Trust Companies worked with a co-trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, and its leadership to promote the purchase of Stanford CDs. These corporate trustees and their employees sold unregistered, non-exempt securities when they were not securities dealers and sold the securities by means of untruths and omissions. These trustee companies and their employees also profited from their service as trustees and breached fiduciary duties they owed to the settlor Plaintiffs. The Trust Company Employee Defendants, the Co-Trustee Defendants, and their principals and employees are liable to the Plaintiffs for damages and rescission in the amount of \$23,150,242.77.

II. Parties, Jurisdiction, and Venue

II.a. – Plaintiffs

6. Plaintiffs Barry Rupert and Carol Rupert are residents of Bexar County, Texas.

7. Plaintiffs David Quintos and Diana Dimitrova Stoilova are residents of Mexico. These Plaintiffs are the settlors of the DQDD Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

8. Plaintiff Elizabeth Runkle is a resident of Guadalupe County, Texas.

9. Plaintiff Lionel Alessio Trias is the Co-Founder of Fundacion DIGSA. Fundacion DIGSA is a Panamanian Fundacion de Interes Privado. The Plaintiff is a resident of Florida.

10. Plaintiffs Dan Auli Panos is a resident of Venezuela. Plaintiffs Victor Auli and Nayade Panos Peche are residents of Spain.

11. Plaintiffs Ana Del Carmen Ballesteros Berrocal and Carmen Berrocal Mora are residents of Mexico.

12. Plaintiffs Alberto Baron Adler, Ruth Baron Charney and Sylvia Charney de Baron are residents of Mexico. Ruth Baron Charney is a settlor of the TO Life Trust. The Trustee of these Trusts, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee (BVI) Trust, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, Ruth Baron Charney is the proper party to bring claims for losses to trust property.

13. Plaintiffs Jose Beitman, Gregorio Beitman, Abraham Diamant, Aaron Marcos Diamant and Libe Diamant are residents of Mexico.

14. Plaintiffs Neal Benner and Cecilia Benner are residents of Florida.

15. Plaintiff Jorge Manuel Brenes Ramirez is a resident of Costa Rica. This Plaintiff is a settlor of the Brenes Murillo Trust and the Hermanos Brenes Murillo Trust. The Trustee of these Trusts, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee (BVI) Trust, are conflicted and incapable of bringing suit to enforce the rights of the trust estates. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

16. Plaintiff German Bricio Arzubide is a resident of Mexico.

17. Plaintiffs David Cabrera, Francisco Cabrera and Elizabeth Cabrera are residents of Venezuela.

18. Plaintiff Frank Cammisano is a resident of Canada. This Plaintiff is the settlor of the Trinacria Trust and the CAMM International Trust. The Trustee of these Trusts, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estates. Thus, this Plaintiff is the proper parties to bring claims for losses to trust property.

19. Plaintiffs Luis Charua Guindic and Adela Levy de Charua are residents of Mexico.

20. Plaintiff Elias Charua Lladani is a resident of Mexico.

21. Plaintiffs Moises Charua Guindic and Lilia Garcia Bustamante are residents of Mexico. The Charuas are the settlors of the Eltada Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, this Plaintiff is the proper party to bring claims for losses to trust property.

22. Plaintiffs James Collins and Rebecca Collins are residents of Brazoria County, Texas.

23. Plaintiff Paulo Costal is a resident of Mexico. This Plaintiff is the settlor of the Quinicio Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, this Plaintiff is the proper party to bring claims for losses to trust property.

24. Plaintiffs Jorge Carlos Gonzalez de Cossio Septien, Maria Isabel Gonzalez de Cossio Septien, and Maria Guadalupe Septien Herran are residents of Mexico. These Plaintiffs are the settlors of the Ontario Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of

bringing suit to enforce the rights of the trust estate. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

25. Plaintiffs Arnolde De Leon Sanchez, Luis Gonzaga De Leon Gonzalez; Luis Gonzaga De Leon Sanchez; Mariana De Leon Sanchez, and Jorge Antonio De Leon Sanchez (collectively "the De Leons") are residents of Mexico.

26. Plaintiff Carlos Estrada, Jose Estrada, and Ricardo Estrada are residents of Mexico. These Plaintiffs are the settlors of the Champagnat, Loreto, and Zealand Trusts. The Trustee of these Trusts, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee (BVI) Trust, are conflicted and incapable of bringing suit to enforce the rights of the trust estates. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

27. Plaintiffs Pilar Brun Loscertales, Angel Gonzalez de Cossio Castanedo, Maria del Pilar Gonzalez de Cosio Brun and Miguel Angel Gonzalez de Cossio Brun are residents of Mexico. These Plaintiffs are the settlors of the Mutus Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

28. Plaintiffs Moises Guakil Chaiyo and Teresa Chaiyo de Guakil are residents of Mexico. These Plaintiffs are the settlors of the Vaquero Trust.

29. Plaintiff Sara Guindic de Haiat is a resident of Mexico.

30. Plaintiffs David Hazouri Neme and Luisa Martha Abdounour Haddad are residents of Mexico. These Plaintiffs are the settlors of the Golden Wheat Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI)

Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate.

Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

31. Plaintiff Carlos Augusto Hernandez Guerrero is a resident of Mexico.

32. Plaintiff Antonio Assad Kanahuati is a resident of Mexico. This Plaintiff was the settlor of the now revoked Equilibre Trust. Stanford Trust Company Limited, and Aleman, Cordero, Galindo & Lee (BVI) Trust served as Trustee and Co-Trustee of the trust throughout the relevant portions of its existence.

33. Plaintiff Bertha Kleiman is a resident of Mexico.

34. Plaintiff Daniel Kleiman Guindic is a resident of Mexico.

35. Plaintiff M & S Kuhn Partnership, Ltd. is a Texas limited partnership, residing at its principal place of business in San Patricio County, Texas.

36. Plaintiff R & C Kuhn Partnership, Ltd. is a Texas limited partnership, residing at its principal place of business in Nueces County, Texas.

37. Plaintiffs Elisa Jafif Cohen and Sergio Ernesto Kusner Nowogrodzsky are residents of Mexico.

38. Plaintiff Isak Lempert is a resident of Argentina.

39. Plaintiff Carol Lovil is a resident of Llano County, Texas.

40. Plaintiff Damian Lyder is a resident of the Republic of Trinidad and Tobago.

41. Plaintiff Juana Ines Perdomo Diaz is a resident of Mexico.

42. Plaintiffs Maria Nelina Collado de Perez, Bernardo Ramon Antonio Perez Collado, and Marianela Covadonga Perez Collado are residents of Mexico.

43. Plaintiffs Leonor Maria del Carmen Lezama Sanchez de Rodriguez, Marcos Gil Rodriguez Lezama, Alejandro Alfredo Rodriguez Lezama are residents of Mexico. Plaintiff Labtec Inv. Corp. is a corporation residing the British Virgin Islands. Laboratorio de Control A.R.J. SA de CV is a resident of Mexico.

44. Plaintiffs Maria Isaacson Rodriguez, and Gil Rodriguez Isaacson are residents of Mexico.

45. Plaintiff Juan Carlos Sanchez is a resident of Hidalgo County, Texas.

46. Plaintiffs Menahen Shueke Esses and Janette Yakin de Shueke are residents of Mexico.

47. Plaintiff Martha Graciela Suarez Y Coellar is a resident of Mexico. This Plaintiff is a settlor of the Martha Graciela Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, this Plaintiff is a proper party to bring claims for losses to trust property.

48. Plaintiff Sergio Raul Suarez Coellar is a resident of Mexico. This Plaintiff and Martha Graciela Suarez Y Coellar are the settlors of the Sergio Raul Suarez Coellar No. 2 Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

49. Plaintiffs Jacobo Tartakovski and Thalia Uchmany are residents of Mexico. These Plaintiffs are the settlors of the Banot Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are

conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

50. Plaintiffs Fred Teller and Sue Teller are residents of Harris County, Texas.

51. Plaintiff Eva Uchmany is a resident of Mexico.

52. Plaintiffs Gonzalo Urquiza Gonzalez Cosio and Maria Teresa Corredor Esnaola de Urquiza are residents of Mexico.

53. Plaintiffs Carmen Gonzalez Cossio Castanedo de Urquiza, Maria del Carmen Urquiza Gonzalez de Cossio, Alfonso Urquiza Gonzalez de Cossio, Eduardo Urquiza Gonzalez Cosio, Juan Ignacio Urquiza Gonzalez Cosio, Angel Urquiza Gonzalez Cosio and Jaime Urquiza Gonzalez Cosio are residents of Mexico. These Plaintiffs are the settlors of the SANCO Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, these Plaintiffs are the proper parties to bring claims for losses to trust property.

54. Plaintiff Rebeca Morgenstern de Waxtein is a resident of Mexico. This Plaintiffs is the settlor of the Boichik Trust and the Regent Five Trust. The Trustee of this Trust, Stanford Trust Company Limited, and the Co-Trustee, Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, are conflicted and incapable of bringing suit to enforce the rights of the trust estate. Thus, this Plaintiff is the proper party to bring claims for losses to trust property.

II.b.1 – Insurance Defendants

55. Defendant Robert S. Winter ("Winter") is an individual residing at 10015 Olympia, Houston, Harris County, Texas 77042. Winter be served with process by serving him at his usual place of abode, or wherever he may be found.

56. Defendant Bowen, Miclette & Britt, Inc. ("BMB") is a corporation organized under the laws of Texas, with its principal office at 1111 North Loop West, Suite 400, Houston, Harris County, Texas 77008. BMB may be served with process by servings its registered agent, CT Corporation System, at 350 North St. Paul Street, Dallas, Texas 75201.

57. Defendant Amy S. Baranoucky ("Baranoucky") is an individual and, upon information and belief, a United States citizen, currently residing in 4295 Columbine Drive, Unit 8, Vail, Colorado 81657-4767. Baranoucky may be served with process by serving the Secretary of State by certified mail, return receipt requested, pursuant to TEX. R. CIV. P. 106 and 108a, and forwarded to Baranoucky's residence. This Court has jurisdiction over Ms. Baranoucky pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042. Ms. Baranoucky purposefully availed herself of Texas law by obtaining a license to sell insurance in Texas and actually selling surplus lines policies in Texas. Ms. Baranoucky made numerous contacts with SIB's office in Texas and sent letters to Plaintiffs who were located in Texas as well as to Plaintiffs whom she contacted through agents in Texas. Her contacts were purposeful, consistent, and ongoing. She sought benefit, advantage or profit from these contacts because she sought to maintain her business relationships with SIB and provided information to the Plaintiffs for her own pecuniary benefit.

58. Defendant Willis of Colorado, Inc., ("Willis of Colorado") is a corporation organized under the laws of Colorado. Willis of Colorado has engaged in business in the State of Texas, and maintains a designated agent for service of process in Texas. Willis may be served with process by servings its registered agent, CT Corporation System, at 350 North St. Paul Street, Dallas, Texas 75201. This Court has jurisdiction over Willis of Colorado pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042.

59. Defendant Willis Group Holdings, Ltd., ("Willis Group") is a corporation organized under the laws of Bermuda, with its principal place of business at 51 Lime Street, London, EC3M 7DQ, England, in the United Kingdom. Willis has engaged in business in the State of Texas, but does not maintain a regular place of business or a designated agent for service of process in Texas. Willis Group may be served with process by service on the Secretary of State. Willis Group may also be served via the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, 1965 U.S.T. 361, 658 U.N.T.S. 163 (1965). Willis Group may be served via service on its registered agent in Bermuda: Appleby, Canon's Court, 22 Victoria Street, Hamilton, Bermuda. This Court has jurisdiction over Willis Group pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042. Willis Group made numerous contacts with SIB's office in Texas and sent letters to Plaintiffs who were located in Texas as well as to Plaintiffs whom it contacted through agents in Texas. Its contacts were purposeful, consistent, and ongoing. It sought benefit, advantage or profit from these contacts because it sought to maintain its business relationships with SIB and provided information to the Plaintiffs for its own pecuniary benefit.

II.b.2 – Stanford Employee Defendants

60. Defendant Ricardo Abuabara is an individual residing in Harris County, Texas. Abuabara may be served with process by serving him at his usual place of abode at 5822 Lynnbrook Drive, Unit 64, Houston, Harris County, Texas 77057, or wherever else he may be found.

61. Defendant John Buzzell is a resident of Louisiana. Buzzell engages or has engaged in business in this State, but does not maintain a regular place of business or a designated agent for service of process. This lawsuit arises out of the business done in this State and to which Buzzell

is a party. Therefore, under Section 17.044 of the TEX. CIV. PRAC. & REM. CODE, substituted service on Buzzell should be made by serving the Secretary of State of Texas, Statutory Documents Section, Citations Unit, P. O. Box 12079, Austin, Texas 78711-2079, and forwarded to Buzzell's office at 10523 North Oak Hills Parkway, Suite A., Baton Rouge, Louisiana 70810. Service on Buzzell as described above can be effected by certified mail, return receipt requested.

62. Defendant Abraham Dubrovsky is an individual residing at 14006 Oakhill Way, San Antonio, Bexar County, Texas 78231. Dubrovsky may be served with process by serving him at his usual place of abode, or wherever he may be found.

63. Defendant Miguel Angel Garces is a resident of Missouri. Garces engages or has engaged in business in this State, but does not maintain a regular place of business or a designated agent for service of process. This lawsuit arises out of the business done in this State and to which Garces is a party. Therefore, under Section 17.044 of the TEX. CIV. PRAC. & REM. CODE, substituted service on Buzzell should be made by serving the Secretary of State of Texas, Statutory Documents Section, Citations Unit, P. O. Box 12079, Austin, Texas 78711-2079, and forwarded to Garces' office at 12555 Manchester Road, St. Louis, Missouri 63131. Service on Garces as described above can be effected by certified mail, return receipt requested.

64. Defendant Janie R. Martinez, upon information and belief, is an individual residing in Bexar County, Texas. Martinez may be served with process by serving her at her usual place of business, 8000 IH-10 West, San Antonio, Bexar County, Texas 78230, or wherever else she may be found.

65. Defendant Fabio Restrepo is an individual, upon information and belief, residing in Harris County, Texas. Restrepo may be served with process by serving him at his usual place of

abode at 9519 Fenchurch Drive, Spring, Harris County, Texas 77379, or wherever else he may be found.

66. Defendant Oreste Tonarelli is a resident of Florida. Tonarelli engages or has engaged in business in this State, but does not maintain a regular place of business or a designated agent for service of process. This lawsuit arises out of the business done in this State and to which Tonarelli is a party. Therefore, under Section 17.044 of the TEX. CIV. PRAC. & REM. CODE, substituted service on Tonarelli should be made by serving the Secretary of State of Texas, Statutory Documents Section, Citations Unit, P. O. Box 12079, Austin, Texas 78711-2079, and forwarded to Tonarelli's place of abode at 8249 SW 84th Terrace, Coral Gables, Florida 33143. Service on Tonarelli as described above can be effected by certified mail, return receipt requested.

II.b.3 Co-Trustee Defendants

67. Defendant Aleman, Galindo, Cordero & Lee Trust (BVI) Limited (hereinafter "Aleman Trust Company") is a British Virgin Islands private trust company, or in the alternative, is an entity organized under the laws of the British Virgin Islands capable of bringing suit and being sued in its own name, with its principal place of business in the British Virgin Islands. This Court has jurisdiction over Aleman Trust Company pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042. Aleman Trust Company is subject to personal jurisdiction in this Court to hear a suit related to its liability for losses suffered by these Stanford Depositors. Aleman Trust Company's specific contacts with SIB and STC in Texas and its service as Co-Trustee of certain trusts settled by the Plaintiffs¹ were purposeful, consistent and ongoing, and it sought

¹ TO Life Trust (settled by the Baron Plaintiffs); Brenes Murillo Trust and Hermanos Brenes Murillo Trust (settled by the Brenes Plaintiffs); Trinacria Trust and CAMM International Trust (settled by Frank Cammisano); Eltada Trust (settled by the Charua Plaintiffs); Quinicio Trust (settled by Paulo Costal); Ontario Trust (settled by the De Cossio and Septien Plaintiffs); Champagnat, Loreto, and Zealand Trusts (settled by the Estrada Plaintiffs); Mutus Trust (settled by the Gonzalez de Cossio Plaintiffs); Vaquero Trust (settled by the Guakil Plaintiffs); Golden Wheat Trust (settled by the Hazouri Plaintiffs); DQDD Trust (settled by the Quintos Plaintiffs); Martha Graciela Trust (settled by certain Suarez

benefit, advantage and profit when it was paid fees to serve as Co-Trustee of these trusts. The situs of administration of certain trusts settled by the Plaintiffs of which Aleman Trust Company was Co-Trustee was in Texas, and the remaining trusts settled by the Plaintiffs were largely managed from Texas in coordination with Aleman Trust Company. Aleman Trust Company contracted with one or more Texas residents to perform part of a contract in Texas when it took on the duty to make reasonable inquiry in to the affairs of Stanford International Bank. By breaching these trust contracts, Aleman Trust Company conducted business in Texas. Aleman Trust Company has engaged in business in the State of Texas, but does not maintain a regular place of business or a designated agent for service of process in Texas. Aleman Trust Company may be served via the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, which was signed by the United Kingdom and made applicable by that country to the British Virgin Islands. Aleman Trust Company may be served by any method authorized under the Hague Convention, the laws of Texas, and the laws of the British Virgin Islands, including service upon the appropriate officer of Aleman Trust Company at its principal place of business at 3rd Floor, Geneva Place, 333 Waterfront Drive, P. O. Box 71 Road Town, Tortola, British Virgin Islands. Service upon Aleman Trust Company may also be effected by service upon Gabriella Conte, Registered Agent for Aleman Trust Co., at P. O. Box 3175, Road Town, Tortola, British Virgin Islands. Service upon Aleman Trust Company may also be effected by service upon Jaime Aleman or Anibal Galindo wherever they may be found.

68. Defendant Aleman, Galindo, Cordero & Lee ("Aleman Firm") is an entity or association whose principle place of business is in the Republic of Panama. Upon information and

Plaintiffs); Sergio Raul Suarez Coellar No. 2 Trust UST (settled by certain Suarez Plaintiffs); Banot Trust (settled by the Tartakovski Plaintiffs); Sanco Trust (settled by certain Urquiza Plaintiffs); Boichik Trust and Regent Trust (settled by Rebecca Morgenstern de Waxtein).

belief, the Aleman Firm is a general partnership. This Court has jurisdiction over the Aleman Firm pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042. The Aleman Firm made numerous contacts with Plaintiffs in Texas. Its contacts were purposeful, consistent, and ongoing. The firm sought benefit, advantage or profit from these contacts because it obtained pecuniary benefit from serving as trustee for trusts settled by the Plaintiffs. The firm also worked with others to commit torts in Texas in whole or in part. The Aleman Firm has engaged in business in the State of Texas, but does not maintain a regular place of business in Texas or a designated agent for service of process in Texas. Therefore, under Section 17.044 of the TEX. CIV. PRAC. & REM. CODE, substituted service should be made on the Aleman Firm by serving the Secretary of State, Statutory Documents Section, Citations Unit, P.O. Box 12079, Austin, Texas 78711-2079, and forwarded to the Aleman Firm's principal place of business at 2nd Floor, East 53rd Street, Ur. Marbella, P. O. Box 0819-09132, Panama City, Republic of Panama. Service on the Aleman Firm can be effected pursuant to methods permitted by the Inter-American Convention on Letters Rogatory and Additional Protocol, or by any other method permitted under the laws of the State of Texas and the Republic of Panama. The Aleman Firm may also be served by effecting service on Jaime Aleman or Anibal Galindo in the manner described below. These individuals are the general partners, officers, managers, agents, or other appropriate persons to receive service on behalf of the Aleman Firm.

68. Defendant Jaime Aleman is an individual residing in Panama City, Panama. Mr. Aleman is licensed to practice law in the United States, and is a member of the bar of the District of Columbia. This Court has jurisdiction over Aleman pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042. Aleman made numerous contacts with Plaintiffs in Texas. His contacts were purposeful, consistent, and ongoing. He sought benefit, advantage or

profit from these contacts because he obtained pecuniary benefit from the service of his associated entities, Aleman Trust and the Aleman Firm, who served as trustee for trusts settled by the Plaintiffs. He also worked with others to commit torts in Texas in whole or in part. Aleman has engaged in business in the State of Texas, but does not maintain a regular place of business in Texas or a designated agent for service of process in Texas. Therefore, under Section 17.044 of the TEX. CIV. PRAC. & REM. CODE, substituted service should be made on Aleman by serving the Secretary of State, Statutory Documents Section, Citations Unit, P. O. Box 12079, Austin, Texas 78711-2079, and forwarded to Aleman's usual place of business at 2nd Floor, East 53rd Street, Ur. Marbella, P. O. Box 0819-09132, Panama City, Republic of Panama. Service on Aleman can be effected pursuant to methods permitted by the Inter-American Convention on Letters Rogatory and Additional Protocol, or by any other method permitted under the laws of the State of Texas and the Republic of Panama. Service upon Aleman may also effected by serving him by mail at the address he maintains with the District of Columbia Bar Association at P. O. Box 0819-09132, Panama City, Panama.

70. Defendant Anibal Galindo is an individual residing in Panama City, Panama. This Court has jurisdiction over Galindo pursuant to the Texas Long-Arm Statute, TEX. CIV. PRAC. & REM. CODE § 17.042. Galindo made numerous contacts with Plaintiffs in Texas. His contacts were purposeful, consistent, and ongoing. He sought benefit, advantage or profit from these contacts because he obtained pecuniary benefit from the service of his associated entities, Aleman Trust and the Aleman Firm, who served as trustee for trusts settled by the Plaintiffs. He also worked with others to commit torts in Texas in whole or in part. Galindo has engaged in business in the State of Texas, but does not maintain a regular place of business in Texas or a designated agent for service of process in Texas. Therefore, under Section 17.044 of the TEX. CIV. PRAC. & REM. CODE,

substituted service should be made on Galindo by serving the Secretary of State, Statutory Documents Section, Citations Unit, P. O. Box 12079, Austin, Texas 78711-2079, and forwarded to Galindo's usual place of business at 2nd Floor, East 53rd Street, Ur. Marbella, P. O. Box 0819-09132, Panama City, Republic of Panama. Service on Galindo can be effected pursuant to methods permitted by the Inter-American Convention on Letters Rogatory and Additional Protocol, or by any other method permitted under the laws of the State of Texas and the Republic of Panama.

II.c – Subject Matter Jurisdiction

71. This Court has jurisdiction to hear this case because the Plaintiffs request damages and remedies in excess of the minimal jurisdictional limits of the Court.

72. This Court has jurisdiction to hear this case pursuant to TEX. PROP. CODE § 115.001 because this is an action concerning trusts settled by the Plaintiffs and the rights of the Settlers and Beneficiary Plaintiffs with respect to those trusts. This case seeks to remove a trustee and to appoint a successor trustee and seeks determinations of the powers, responsibilities, duties and liabilities of a trustee.

73. This Court has jurisdiction to hear these non-removable claims made under the SECURITIES ACT OF 1933 pursuant to 15 U.S.C. § 77v (2006) (“[...]no case arising under this subchapter and brought in any State court of competent jurisdiction shall be removed to any court of the United States.”).

II.d. – Venue

74. Venue for the suits against Defendants Dubrovsky and Martinez is proper in Bexar County pursuant to TEX. CIV. PRAC. & REM. CODE § 15.002(a)(2) because those Defendants are natural persons residing in Bexar County.

75. Venue for the suits of Plaintiffs David Quintos and Diana Dimitrova Stoilova is proper in Bexar County pursuant to TEX. CIV. PRAC. & REM. CODE § 15.002(a)(1) because all or a substantial part of the acts or omissions giving rise to Quintos' and Dimitrova's claims occurred in Bexar County.

76. Venue for the suits of Plaintiffs Barry and Carol Rupert is proper in Bexar County pursuant to TEX. CIV. PRAC. & REM. CODE § 15.002(a)(4) because the Ruperts were residents of Bexar County at the time this cause of action accrued, and Defendants Willis Group, Willis of Colorado, Aleman Trust Company, and the Aleman Firm are not natural persons, and they have no principal offices in this state.

77. Venue for the suits of the Plaintiff settlors of the twenty aforementioned trusts is proper in Bexar County pursuant to TEX. PROP. CODE § 115.002. The Trustee of each of these trusts was Stanford Trust Company or Stanford Trust Company Limited d/b/a Stanford Fiduciary Investor Services, or some other affiliated entity, which were corporate trustees. Stanford Fiduciary Investor Services maintained an office in San Antonio at the Forum Building, 8000 IH-10 West, near the corner of IH-10 and Callaghan Road, in Bexar County, Texas. Defendants Dubrovsky and Martinez worked from that office. This Bexar County office was the situs of administration of the trusts settled by the Plaintiffs, and thus Bexar County is the proper place of venue for those suits brought pursuant to TEX. PROP. CODE § 115.001.

78. Venue for the suits of Plaintiffs Elizabeth Runkle and Carol Lovil is proper in Bexar County pursuant to TEX. CIV. PRAC. & REM. CODE § 15.003. Runkle's home is in Cibolo, Guadalupe County, Texas lies a half-hour drive from the Bexar County courthouse. Plaintiff Lovil is a resident of Kingsland, Llano County, Texas.

79. Venue for the suits of those remaining above-named Plaintiffs is proper in Bexar County pursuant to TEX. CIV. PRAC. & REM. CODE § 15.003. Joinder in the suits of each of those remaining above-named Plaintiffs named to the suits of the Ruperts, Runkle, Quintos, Dimitrova, and the settlor Plaintiffs is proper under TEX. R. CIV. P. 40 because those Plaintiffs assert a right to relief jointly, severally, or in the alternative arising out of the same series of transactions or occurrences, and common questions of law and fact will arise in the action. Maintaining venue in Bexar County as to those remaining above-named Plaintiffs will not unfairly prejudice any party because all the Defendants are already subject to venue in Bexar County for a suit alleging common questions of law and fact. There is an essential need for those remaining above-named Plaintiffs to have their claims tried in Bexar County. Bexar County is a fair and convenient venue for those remaining above-named Plaintiffs and for all persons against whom the suit is brought.

III. Facts

Stanford International Bank

80. The Plaintiffs all made deposits at SIB and purchased certificates of deposit ("Stanford CDs"). At the time SIB was placed in to receivership, the bank had taken in \$7.2 Billion in deposits from over 20,000 investors. These Plaintiffs lost \$79,136,477.35 of those deposits.

81. Stanford CDs were carefully crafted to seem like normal financial instruments, bearing favorable but not unreasonable rates of return and a high level of security. True and correct copies Stanford CDs issued to Plaintiffs Dan Auli and Nayade Peché are attached hereto as Exhibit "A-1." Most Stanford CDs purchased by the Plaintiffs bore stated annual rates of return of five to six percent interest, and came with typical restrictions one would expect to find on a bank CD, such as penalties for early withdrawal.

82. To market the Stanford CDs, the bank produced elaborate marketing materials including websites, financial statements, and prospectuses. A true and correct copy of one such financial statement produced by SIB is attached hereto as Exhibit "A-2." R. Allen Stanford built a corresponding network of financial companies including Stanford Financial Group, a registered broker-dealer, Stanford Trust Company, and other companies offering financial services, products, and investments to expand the scope of SIB and the Stanford CD enterprise.

83. In some cases, Stanford hired stockbrokers and financial advisors from other, more established firms. These brokers brought their existing clients with them to Stanford, where they sold clients the Stanford CDs without disclosing that the brokers would receive commissions of as much as 1, 2, or even 3 percent. In other cases, new SIB customers such as the De Leons were wined and dined while being flown at SIB's expense to meet with SIB executives at lavishly furnished offices.

84. Many of the Plaintiffs purchased Stanford CDs through their accounts at Stanford Trust Company ("STC"), which also did business under the name Stanford Fiduciary Investor Services (and other similar names). In San Antonio, Defendants Dubrovsky and Martinez worked for Stanford Fiduciary Investor Services where they focused on selling Stanford CDs to Spanish-speaking depositors. These trust companies did little, if anything, other than promote the sale of Stanford CDs.

85. The Trust Companies are now in receivership along with SIB, the broker-dealer and other Stanford companies. Thus, the trust companies are incapacitated to serve as trustees, and they are unable to prosecute claims related to the Stanford CDs on behalf of their trusts because their role in the sale of CDs gives rise to a conflict.

86. STC and the other trustees were not licensed sellers of securities. Thus, each sale of a Stanford CD by STC and the other trustees was an unlawful sale.

87. SIB made a number of vital statements to depositors about the presence of insurance. First, SIB held out to the world year after year that its deposits were secure and that insurance protected the deposits. Second, SIB and the Defendants Winter, BMB, Baranoucky, Willis of Colorado, and Willis Group claimed that the bank underwent "stringent risk management reviews." This statement was patently false. Third, SIB used its website, financial statements, and prospectuses to publish the names of its risk management and insurance professionals thousands of times over: Robert Winter, Bowen, Miclette & Britt, Inc., Amy S. Baranoucky, Willis of Colorado, and Willis Group.

The Insurance Professionals

88. BMB and Robert Winter served SIB as insurance brokers and risk management advisors from as early as the mid-1990s and until 2002 or later. They not only placed coverage for SIB and consulted for SIB on risk management strategy, they also published information about this insurance coverage to the Plaintiffs by sending out thousands of "Safety and Security Letters." True and correct copies of two such letters sent by Winter and BMB are attached hereto as Exhibits "B-1" and "B-2."

89. Willis Group, Willis of Colorado, and Amy Baranoucky undertook a similar role for SIB, serving as insurance brokers and risk managers from 2002 through 2005, and sending out similar letters. A true and correct copy of one letter sent by Willis Group, Willis of Colorado, and Baranoucky is attached hereto as Exhibit "B-3."

90. The Safety and Security Letters are a real piece of work. The letters sent on BMB stationery were signed by insurance broker and BMB employee "Robert S. Winter, Financial

Specialist" at a firm which purported to offer services in "Insurance/Bonds/Risk Management." The letters say that based on Winter and BMB's knowledge, SIB was composed of "first class business people." The letters specifically describe up to four different types of insurance coverage placed at well-known underwriters such as Lloyd's of London. The letters describe risk management reviews (sometimes described as "stringent" risk management reviews) by an outside firm, and the letters make it clear that the risk management reviews were material to obtaining the represented coverage.

91. Remarkably, the Baranoucky and Willis letters use the same language as the BMB and Winter letters. Baranoucky and Willis' letters continued to tout the benefits of "stringent risk management reviews" and the "first class business people" at SIB.

92. The Safety and Security letters were a *quid pro quo* given by Willis & BMB to SIB in exchange for the privilege of selling insurance to Stanford and his entities and collecting a handsome commission. BMB and Willis knew that SIB and Stanford used the Safety and Security letters to ensure that a critical mass of depositors would keep their monies with SIB. The Safety and Security letters were either addressed to individual depositors or distributed *en mass* to the remaining depositors. The Safety and Security letters were a part of the marketing campaign used to give SIB credibility while it continued to take in new deposits and promote the classic Ponzi scheme.

The Business of Insurance

93. The Insurance Defendants engaged in conduct constituting the business of insurance in Texas. Among other things, the Insurance Defendants:

- a. made and proposed to make insurance contracts;
- b. made and proposed to make guaranty or surety contracts;
- c. took or received insurance applications;

- d. received premiums and commissions;
- e. issued and delivered insurance contracts to residents of this state;
- f. assisted insurers and persons in soliciting, negotiating, procuring and effectuating insurance and renewals of insurance;
- g. assisted insurers and persons in disseminating information relating to coverage;
- h. assisted insurers and persons in transacting a matter after the effectuation of the contract; and
- i. did and proposed to do insurance business that was in substance equivalent to conduct described at TEX. INS. CODE § 101.051(b)(1)-(8) in a manner designed to evade statutes relating to insurance.

This conduct in the business of insurance was part-and-parcel of the Insurance Defendants' misrepresentations to the Plaintiffs. Thus, each mailing of a Safety and Security letter by the Insurance Defendants to a Plaintiff, each failure to correct a misstatement which the Insurance Defendants had a duty to correct, and many other acts by the Insurance Defendants were also conduct in the business of insurance.

94. The Safety and Security letters misrepresented the benefits of the insurance policies held by SIB. The letters were sent to potential depositors to encourage them to leave their money at SIB; the insurance professionals who sent these letters intended for potential depositors to believe that these policies would protect the depositors. In fact, the policies protected SIB and its sole shareholder, R. Allen Stanford.

95. The Safety and Security letters used a name or title of an insurance policy that misrepresented the true nature of the policy. The letters that describe the Bankers Blanket Bond, Excess FDIC coverage, and Depository Insolvency coverage named those policies in such a way as to lead the Plaintiffs and other depositors to believe that their deposits at SIB, not SIB's deposits at other banks, would be covered. Furthermore, use of the name "Excess FDIC" was a

misrepresentation because there was no FDIC coverage in place, and use of the name "Excess FDIC" implied that there was FDIC coverage, when in fact there was none.

96. The Safety and Security letters contained untrue, deceptive, and misleading representations regarding SIB, the Insurance Defendants, and the business of insurance. The Safety and Security letters made untrue statements of material fact. Among other things, SIB was not made up of what any reasonable person would call "first class business people." There were no risk management reviews, or in the alternative, what reviews there may have been were far from "stringent."

97. Baranoucky, Willis of Colorado, and Willis Group sent out their letters from an office in Colorado. By sending out these letters, they engaged in deceptive practices as part of their business, vocation, and occupation. The letters impacted the public as customers of Baranoucky, Willis of Colorado, and Willis Group's goods and services, namely financial products and Stanford CDs backed by their insurance products.

98. The risk management reviews referred to in the Insurance Defendants' letters were presumably the same ones performed by Stogniew and Associates that SIB described in its financial statements. See 2007 SIB Financial Statement, footnote 2.6 page 13, Exhibit "A-2." SIB and the Insurance Defendants wanted the Plaintiffs to believe that the risk management reviews, internal controls, and insurance program were "reasonable," "minimize[d] the bank's exposure to loss," and were without "material weakness." Each of these factual statements about the reviews was false. Furthermore, Stogniew's last reviews of the bank were conducted in 2003. Even if the reviews had been adequate to back up SIB and the Insurance Defendants' claims, they were so out-of-date as to be worthless.

Professional Duty

99. Professionals such as the Defendants owe a duty to non-clients who could be harmed by their shoddy work. All the Defendants were working as professionals when they sent Safety and Security letters to the Plaintiffs, knowing that the Plaintiffs would receive the letters and rely on the representations contained therein when considering whether or not to purchase Stanford CDs. The letters gave false information about many things, most notably the quality and existence of the risk management reviews and the character of the business people at SIB. This information was given for the guidance of the Plaintiffs. The Defendants did not exercise reasonable care when they failed to establish the truth of their statements about the risk management reviews, among other things. The Plaintiffs relied upon the Defendants' negligent misrepresentations when deciding to deposit money at SIB, and now their entire deposits have been lost. Winter and Baranoucky were acting in the course and scope of their duties as employees at BMB, Willis of Colorado, and Willis Group when they made their misrepresentations that harmed the Plaintiffs while earning handsome commissions for their employers and themselves.

100. Having represented to the Plaintiffs and other depositors that certain insurance coverage would be in effect and having worked closely with SIB, the Insurance Defendants had a duty to place, effect, maintain, or renew insurance coverage that would protect the Plaintiffs' deposits. The Insurance Defendants failed to place, effect, maintain, or renew this coverage.

101. The Insurance Defendants had a duty to service the insurance and risk management accounts at SIB for policies related to the Stanford CDs. The Insurance Defendants should have serviced their insurance and risk management accounts at SIB by advising SIB on appropriate risk management policies, by advising SIB on appropriate controls to retain the benefits of insurance coverage, and by monitoring SIB and assisting SIB in monitoring compliance with these policies. The Insurance Defendants did not undertake appropriate action to inform or advise the appropriate

SIB personnel of their obligations under the policies or to facilitate communication between SIB and its insurers. The Insurance Defendants failed to service their accounts with SIB by failing in their obligations to assist SIB in filing claims against its insurer related to the Stanford CDs.

Stanford CDs and Securities Law

102. The Stanford CDs were securities within the meaning of Texas and federal law because the CDs were instruments that represented an interest in the assets, profits, or earning of SIB. Unlike regular bank CDs which are subject to regulation by the Federal Deposit Insurance Corporation, the Stanford CDs were not subject to regulation under any other comprehensive scheme.

103. The Stanford CDs were unregistered, non-exempt securities. SIB submitted a "Notice of Sale of Securities Pursuant to Regulation D" with the Securities and Exchange Commission. SIB also filed these notices with the Texas State Securities Board. These notices purported to exempt the Stanford CDs from the registration requirements of both federal and Texas law. In fact, SIB never complied with the requirements of the SEC's Regulation D, and these Notices of Sale were merely sham filings.

104. The Trust Company-Employee Defendants were sellers of the Stanford CDs.

105. SIB used the professional services of the Insurance Defendants as a vital link in the chain to sell the Stanford CDs to the Plaintiffs. Thus the Defendants were sellers of securities within the meaning of the securities laws.

106. The representations that the Defendants made about insurance coverage were material to the Plaintiffs' purchase of the Stanford CDs. These representations were included in generally disseminated prospectuses, brochures, and financial statements; the Plaintiffs may be presumed to have relied upon the representations in these generally disseminated items, and they did, in fact,

so rely. As insurance brokers and risk management consultants for SIB, the Defendants undertook to procure insurance for SIB. The Defendants likewise represented to the Plaintiffs that they had procured and renewed insurance policies for SIB, and that those policies were appropriate for the coverage represented to the Plaintiffs.

The Co-Trustee Defendants

107. Aleman Trust Company, the Aleman Firm, Jaime Aleman and Anibal Galindo (the "Co-Trustee Defendants") all played critical roles in the sale of Stanford CDs to the Plaintiffs. Aleman Trust Company served as co-trustee on many trusts for which Stanford Trust Company Limited d/b/a Stanford Fiduciary Investor Services and Stanford Trust Company, Inc. served as trustee. A true and correct copy of the DQDD trust application is attached hereto as Exhibit "C." While serving Aleman Trust Company was serving as co-trustee of these trusts, the Aleman Firm (whose partners appear to be the principals of Aleman Trust Company) continued to represent SIB and its affiliates, including Stanford Bank Panama. Thus, the Aleman Trust Company was taking on fiduciary duties to the Plaintiffs which necessarily required it to cast the jaundiced eye and scowling mien of a fiduciary upon the clients of the Aleman Firm; this could not be done, and in fact, was not done. Jaime Aleman and Anibal Galindo personally oversaw these series of acts and omissions, and in many cases, personally executed trust documents.

108. By order of the United States District Court for the Northern District of Texas, Stanford Trust Company resigned or was removed as fiduciary for all "STC fiduciary accounts," "upon the appointment of a successor fiduciary."² Other designated co-trustees such as

² *Securities and Exchange Commission v. Stanford International Bank, et. al.*, No. 3:09-cv-00298 (N.D. Tex., Apr. 23, 2009)(order establishing, inter alia, the resignation of Stanford Trust Company as fiduciary).

Aleman, Cordero, Galindo & Lee Trust ("Aleman") are incapable of representing the interests of the trust and its beneficiaries.

109. Aleman Trust Company owed fiduciary duties of loyalty and care to the trusts settled by the Plaintiffs and their beneficiaries. Aleman Trust Company breached its duty of loyalty by working harder to maintain its profitable relationship with SIB and STC than to look after the interests of the trusts and their beneficiaries. Aleman Trust Company breached its duty of care by failing to make a reasonably prudent investigation of the affairs, assets, and liabilities of SIB, especially in light of the large amount of business it did with SIB. As co-trustee, Aleman Trust Company had an obligation to see that STC would not commit a serious breach of trust, and an obligation to compel STC to redress serious breaches of trust.

110. Aleman Trust Company made profits through or arising out of the administration of the trust. The trusts suffered losses resulting from the trustee's failure to perform its obligations as trustee.

111. Aleman Trust Company, the Aleman Firm, Jaime Aleman, and Anibal Galindo were essential links in the chain that lead to the sale of Stanford CDs. None of these Co-Trustee Defendants were licensed to sell securities. These Co-Trustee Defendants made false representations of material fact and omitted to state facts necessary to make other statements not misleading under the circumstances in which they were made.

112. Had the Co-Trustees not committed breaches of trust, the trusts settled by the Plaintiffs would have accrued profits.

Rescission, Demand, Notice, Discovery, and Conditions Precedent

113. The Plaintiffs have tendered the Stanford CDs to the Defendants in rescission. The tender has been refused. Alternatively, tender would have been a fruitless exercise.

114. The Plaintiffs have made demand on the Defendants for their damages arising from the purchase of Stanford CDs. Alternatively, demand would have been a fruitless exercise.

115. The Plaintiffs have given the Defendants sixty days' notice of their claims pursuant to all applicable statutes.

116. The Plaintiffs did not discover (and the Plaintiffs could not have, with exercise of reasonable diligence, discovered) the nature of the injuries caused by the Defendants until February 17, 2009 when the Securities and Exchange Commission filed suit against R. Allen Stanford and SIB.

117. All conditions precedent to recovery have occurred, or their occurrence has been waived.

IV. Causes of Action

IV.a. Violations of the Texas Insurance Code

Count 1 – Misrepresenting the benefits of insurance policies – TEX. INS. CODE § 541.051(1).

118. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 117.

119. The Insurance Defendants committed unfair or deceptive acts or practices in the business of insurance when the Insurance Defendants made, issued, and circulated statements misrepresenting the benefits or advantages promised by an insurance policy. In the alternative, the Insurance Defendants caused such statements to be made, issued or circulated.

120. The Insurance Defendants' unfair or deceptive acts and practices were a producing cause of actual damages to the Plaintiffs.

121. The Insurance Defendants are liable to the Plaintiffs for the actual damages sustained by the Plaintiffs in the amount of \$79,136,477.35.

122. The Insurance Defendants knowingly committed the complained of acts.

123. The Insurance Defendants are liable to the Plaintiffs for treble damages.

Count 2 – Misrepresenting the name or title of insurance policies – TEX. INS. CODE § 541.051(4).

124. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 123.

125. The Insurance Defendants committed an unfair or deceptive act or practice in the business of insurance when the Insurance Defendants used a name or title of a policy or class of policies that misrepresented the true nature of the policy or class of policies.

126. The Insurance Defendants' unfair or deceptive acts and practices were a producing cause of actual damages to the Plaintiffs.

127. The Insurance Defendants are liable to the Plaintiffs for the actual damages sustained by the Plaintiffs in the amount of \$79,136,477.35.

128. The Insurance Defendants knowingly committed the complained of acts.

129. The Insurance Defendants are liable to the Plaintiffs for treble damages.

Count 3 – False information and advertising – TEX. INS. CODE § 541.052.

130. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 129.

131. The Insurance Defendants committed an unfair or deceptive act or practice in the business of insurance when the Insurance Defendants made, published, disseminated, circulated, and placed before the public certain advertisements, announcements, and statements. These advertisements, announcements, and statements contained untrue, deceptive and misleading assertions, representations and statements regarding the business of insurance and regarding a person in the conduct of the person's insurance business. In the alternative, the Insurance Defendants caused such statements to be published, disseminated, circulated, and placed before the public.

132. The Insurance Defendants' unfair or deceptive acts and practices were a producing cause of actual damages to the Plaintiffs.

133. The Insurance Defendants are liable to the Plaintiffs for the actual damages sustained by the Plaintiffs in the amount of \$79,136,477.35.

134. The Insurance Defendants knowingly committed the complained of acts.

135. The Insurance Defendants are liable to the Plaintiffs for treble damages.

Count 4 – Misrepresentation of a policy of insurance – TEX. INS. CODE § 541.061.

136. The Plaintiffs reallege and the allegations of paragraphs 1 – 135.

137. The Insurance Defendants committed an unfair or deceptive act or practice in the business of insurance by misrepresenting insurance policies when the Insurance Defendants made untrue statements of material fact, failed to state material facts necessary to make other statements not misleading considering the circumstances under which the statements were made, and making statements in a manner that would mislead a reasonably prudent person to a false conclusion of material fact.

138. The Insurance Defendants' unfair or deceptive acts and practices were a producing cause of actual damages to the Plaintiffs.

139. The Insurance Defendants are liable to the Plaintiffs for the actual damages sustained by the Plaintiffs in the amount of \$79,136,477.35.

140. The Insurance Defendants knowingly committed the complained of acts.

141. The Insurance Defendants are liable to the Plaintiffs for treble damages.

IV.b. – Colorado Consumer Protection Act

Count 5 – Violation of the Colorado Consumer Protection Act – COL. REV. STAT. 6-1-101, et seq.

142. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 141.

143. Amy Baranoucky, Willis of Colorado, and Willis Group engaged in deceptive trade practices.

144. These practices occurred in the course of Baranoucky, Willis of Colorado, and Willis Groups' business, vocation, or occupation.

145. These practices significantly impacted the public as actual or potential customers of Baranoucky, Willis of Colorado, and Willis Groups' goods, services, or property.

146. The Plaintiffs have suffered injury in fact to their legally protected interests.

147. Baranoucky, Willis of Colorado, and Willis Groups' deceptive practices caused the Plaintiffs' injuries. These Defendants' acts and omissions were links in a chain that lead the to Plaintiffs' injuries. There was a sufficient causal nexus between the Defendants' acts and omissions and the Plaintiffs' injuries despite the intervening acts of others.

148. Baranoucky, Willis of Colorado, and Willis Group are liable to the Plaintiffs for their damages in the amount of \$79,136,477.35.

149. Baranoucky, Willis of Colorado, and Willis Group are liable to the Plaintiffs for treble damages.

IV.c. – Common Law Claims

Count 6 – Negligent Misrepresentation.

150. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 149.

151. The Insurance Defendants made representations to the Plaintiffs in the course of the Insurance Defendants' business or in one or more transactions in which the Defendants had an interest. The Insurance Defendants made statements to the Plaintiffs regarding SIB and Stanford CDs. The Insurance Defendants either intended for the Plaintiffs to benefit from this information, or the Insurance Defendants knew or reasonably should have known that the Plaintiffs would receive the information.

152. The Insurance Defendants supplied false information for the guidance of others.

153. The Insurance Defendants did not exercise reasonable care or competence in obtaining or communicating the information.

154. The Plaintiffs justifiably relied on the representations.

155. The Insurance Defendants' negligent misrepresentations proximately caused the Plaintiffs' injuries.

156. The Insurance Defendants are liable to the Plaintiffs for the actual damages sustained by the Plaintiffs in the amount of \$79,136,477.35.

157. Defendants BMB, Willis of Colorado, and Willis Group are vicariously liable for all negligent misrepresentations made by their employees, Defendants Winter and Baranoucky.

Count 7 – Negligent Procurement and Negligent Omission.

158. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 157.

159. The Insurance Defendants undertook to procure insurance policies for SIB, including third-party policies of insurance for the benefit of the Plaintiffs.

160. The Insurance Defendants had a duty to maintain or renew insurance for SIB, including third-party policies of insurance for the benefit of the Plaintiffs.

161. The Insurance Defendants did not exercise reasonable care, competence, or diligence in procuring the policies, or the Insurance Defendants did not exercise reasonable care, competence, or diligence in renewing and maintaining those policies.

162. The Plaintiffs justifiably relied on the Insurance Defendants' representations that appropriate insurance policies had been procured or that such policies had been renewed or maintained.

163. The Insurance Defendants' failure to use reasonable care, competence, or diligence in procuring third-party policies proximately caused the Plaintiffs' injuries. In the alternative, the Insurance Defendants' failure to use reasonable care, competence, or diligence in renewing or maintaining third-party policies proximately caused the Plaintiffs' injuries.

164. The Insurance Defendants are liable to the Plaintiffs for the actual damages sustained by the Plaintiffs in the amount of \$79,136,477.35.

Count 8 – Failure to service policies.

165. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 164.

166. The Insurance Defendants had an obligation to service the insurance policies held by its customer SIB.

167. The Insurance Defendants failed to service those policies.

168. The Insurance Defendants' failure to service those policies caused the Plaintiffs to suffer losses.

169. The Insurance Defendants are liable to the Plaintiffs for their losses and damages in the amount of \$79,136,477.35.

Count 9 – Fraud by Nondisclosure.

170. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 169.

171. All the Defendants concealed certain facts from the Plaintiffs, or failed to disclose certain facts to the Plaintiffs. The Insurance Defendants concealed facts or failed to disclose facts relating to the policies of insurance. All other Defendants concealed facts or failed to disclose facts related to their knowledge of the financial condition and practices of SIB.

172. The Defendants had a duty to disclose the concealed or non-disclosed facts to the Plaintiffs.

173. The concealed or non-disclosed facts were material.

174. The Defendants knew that the Plaintiffs were ignorant of these facts, and that the Plaintiffs did not have an equal opportunity to discover these facts.

175. The Defendants were deliberately silent when they had a duty to speak.

176. By failing to disclose these facts, the Defendants intended to induce the Plaintiffs to take some action or to refrain from acting.

177. The Plaintiffs relied on the Defendants' nondisclosure or concealment.

178. The Plaintiffs were injured as a result of acting without knowledge of the undisclosed facts.

179. The Defendants' non-disclosure or concealment caused the Plaintiffs' direct damages. The Defendants' non-disclosure or concealment proximately caused the Plaintiffs' consequential damages.

180. The Defendants are liable to the Plaintiffs for direct and consequential damages for the Plaintiffs' injuries in the amount of \$79,136,477.35.

IV.d. Violations of Securities Laws

Count 10 – Texas Securities Act: sale of unregistered securities.

181. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 181.

182. Stanford CDs were securities within the meaning of the Texas Securities Act.

183. The Stanford CDs were not registered with the Texas Securities Board. The Stanford CDs were not exempt from registration under state or federal law. Sham filings which purported to register the Stanford CDs with the Texas Securities Board were not sufficient to effect registration.

184. The Defendants offered and sold the securities to the Plaintiffs in violation of the Texas Securities Act. The Defendants were an essential link in the chain of sellers, and they acted hand-in-glove with SIB to offer and sell the securities to the Plaintiffs.

185. In the alternative, the Defendants materially aided the sellers of unregistered Stanford CDs. In aiding the sellers, the Defendants acted with intent to deceive or defraud the Plaintiffs, or with reckless disregard for the truth.

186. The Defendants are liable to the Plaintiffs in rescission or damages in the amount of \$79,136,477.35.

Count 11 – Texas Securities Act: sale by unregistered dealer.

187. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 186.

188. Stanford Trust Co., Inc., Stanford Trust Company, Ltd. d/b/a Stanford Fiduciary Investor Services and other similar entities were not registered dealers of securities.

189. The Defendants offered and sold the securities to the Plaintiffs in violation of the Texas Securities Act. The Defendants were an essential link in the chain of sellers, and they acted hand-in-glove with SIB to offer and sell the securities to the Plaintiffs.

190. In the alternative, the Defendants materially aided the sellers of unregistered Stanford CDs. In aiding the sellers, the Defendants acted with intent to deceive or defraud the Plaintiffs, or with reckless disregard for the truth.

191. The Defendants are liable to the Plaintiffs in rescission or for damages in the amount of \$79,136,477.35.

Count 12 – Texas Securities Act: sale by untruth or omission.

192. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 191.

193. The Stanford CDs were securities within the meaning of the Texas Securities Act.

194. The Defendants sold the Stanford CDs to the Plaintiffs.

195. The Defendants made untrue statements material fact. The Defendants omitted to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading.

196. In the alternative, the Defendants materially aided the sellers of Stanford CDs who sold the Stanford CDs by means of untrue statements of material facts and omissions of material facts necessary to make statements not misleading. In aiding the sellers, the Defendants acted with intent to deceive or defraud the Plaintiffs, or with reckless disregard for the truth.

197. The Defendants are liable to the Plaintiffs in rescission or for damages in the amount of \$79,136,477.35.

Count 13 – Violations of the Securities Act of 1933.

198. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 197.

199. The SECURITIES ACT of 1933, 15 U.S.C. §§ 77a, *et seq.*, prohibits: (1) the sale of unregistered securities; and (2) the sale of securities by unregistered entities and persons. The Defendants sold the Plaintiffs unregistered securities. The Defendants are not registered to sell securities. Pursuant to 15 U.S.C. § 77I, Plaintiffs are entitled to rescind the transaction and are entitled to the statutorily specified remedies.

200. The SECURITIES ACT of 1933 renders liable a person who offers or sells a security by means of an untrue statement of a material fact or an omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. The Defendants made untrue statements of material fact and omitted to state material facts necessary in light of the circumstances in which they were made not misleading. Pursuant to 15 U.S.C. §§ 77l, Plaintiffs seek to rescind the transactions and are entitled to the statutorily specified remedies and damages.

201. Plaintiff's disclaim all other Federal Securities Act claims.

Count 14 – Failure to place, effect, maintain, or renew insurance.

202. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 201.

203. The Insurance Defendants had a duty to place, effect, maintain, or renew insurance policies which were represented to be in place at the time securities were sold. Placement, effectiveness, maintenance, or renewal of these policies was necessary in order to make statements made about securities not misleading in light of the circumstances in which they were made. In the alternative, the Insurance Defendants made statements about the presence of insurance with respect to securities, or the Defendants were aware of statements made, that omitted to state material facts about securities or omitted to state material facts necessary in order to make those statements not misleading in the circumstances in which the statements were made.

204. Having failed to place, effect, maintain, or renew policies of insurance, the Insurance Defendants had a duty to notify the Plaintiffs of that failure.

205. The Insurance Defendants sold the Plaintiffs securities in violation of the Texas Securities Act and Securities Act of 1933 by failing to place, effect, maintain, or renew

insurance that the Insurance Defendants represented to the Plaintiffs was in effect when it was not in effect.

206. The Insurance Defendants are liable to the Plaintiffs in rescission or for damages in the amount of \$79,136,477.35.

IV.e. Claims against Trustees

Count 15 – Return of Profits made by Trustee.

207. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 206.

208. The Co-Trustee Defendants served as trustees of the trusts settled by the Plaintiffs.

209. The Co-Trustee Defendants realized profits through administration of the trusts or arising out of administration of the trusts.

210. The Co-Trustee Defendants are liable to the trusts settled by the Plaintiffs for the profits made through administration of the trusts or arising out of administration of the trusts.

Count 16 – Losses from trustee's failure to perform fiduciary duties.

211. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 210.

212. The Co-Trustee Defendants served as trustees of the trusts settled by the Plaintiffs.

213. The Co-Trustee Defendants breached their fiduciary duty of loyalty and duty of care to the trusts settled by the Plaintiffs. These breaches of fiduciary duties were the proximate cause of damage to the trust estates.

214. The trusts settled by the Plaintiffs lost value as a result of these breaches. Had the Co-Trustee Defendants not breached their fiduciary duties, profits would have accrued to the trusts.

215. The Co-Trustee Defendants are liable to the trusts settled by the Plaintiffs and their beneficiaries for the losses in value to the trust estate resulting from the breach of trust and for the profits that would have accrued to the trust estate had there been no breach of trust.

216. The settlor Plaintiffs are the proper persons to bring these claims against the Co-Trustee Defendants for losses to the trust estates. The Defendants are liable to the Plaintiffs for damages in the amount of \$23,150, 242.77.

Count 17 – Appointment of successor trustee.

217. The Plaintiffs reallege and incorporate the allegations of paragraphs 1 – 216.

218. Aleman, Galindo, Cordero & Lee (BVI) Trust is the trustee of the trusts settled by the Plaintiffs.

219. The trustee has breached duties owed to the trusts settled by the Plaintiffs.

220. The Plaintiffs, parties in interest to the trust, seek removal of the trustee and appointment of successor trustees.

V. Jury Demand

221. Plaintiffs hereby demand trial by jury. Payment of the required Jury Fee is tendered to the Court simultaneously with the filing of Original Petition.

VI. Prayer

WHEREFORE, PREMISES CONSIDERED, the Plaintiffs pray that this Court find the Defendants liable to them for the Causes of Action stated hereinabove, and award them:

- a. rescission in the amount of \$79,136,477.35;
- b. damages in the amount of \$79,136,477.35;
- c. special damages in the amount of \$79,136,477.35;
- d. consequential damages in the amount of \$79,136,477.35;
- e. treble damages in the amount of \$237,409,432.05;
- f. attorney's fees;
- g. costs of court;

- h. prejudgment and post judgment interest;
- i. removal of trustees and appointment of successor trustees; and
- j. such other and further relief, both general and special, at law or in equity, to which they may be justly entitled.

Respectfully submitted,

**PULMAN, CAPPUCCIO, PULLEN &
BENSON, LLP**
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San Antonio, Texas 78213
www.pulmanlaw.com
(210) 222-9494 Telephone
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**CRT
PROCESS DEPT.**

By: 

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Adam S. Block
Texas State Bar No. 24066850
ablock@pulmanlaw.com

ATTORNEYS FOR PLAINTIFFS

Exhibit “A-1”

STANFORD
STANFORD INTERNATIONAL BANK LTD.
No. 11 Pavilion Drive, P.O. Box 1300, St. John's, Antigua, West Indies

DATE 22 SEP 2008

DEPOSITOR(S) DAN AULI PANOS OR MARIA NAYADE PANOS PECHE

AMOUNT

CURRENCY USD

"We" means the financial institution. "You" means the depositor(s) named above. We will pay this certificate to you when you surrender it to us on the maturity date. If more than one of you are named above, you will own this certificate as joint tenants with right of survivorship (and not as tenants in common). We will treat any one of you as owner for purposes of surrender, payments of principal and interest, presentation (demanding payment of amount due), transfer and any notice for or from you. Each of you appoints the other as your agent for the purposes described above. We will use the address on our records for mailing notices to you. You cannot transfer or assign this certificate or any rights under it without our written consent. This certificate is subject to the Bank's General Terms and Conditions and applicable Deposit Terms, which are incorporated herein by reference. Unless otherwise stated, all amounts specified are in U.S. Dollars or an equivalent amount if deposits are made in currency other than U.S. Dollars.

This Flex CD 6 MONTHS USD Matures on 23 MAR 2009

THIS CERTIFICATE MATURES ON THE MATURITY DATE STATED ABOVE; IT WILL BE AUTOMATICALLY RENEWED FOR SUCCESSIVE TERMS, EACH EQUAL TO THE ORIGINAL TERM, UNLESS THE BANK IS ADVISED OTHERWISE FIVE (5) BANKING DAYS PRIOR TO MATURITY.

INTEREST ON MATURITY DATE WILL ACCRUE AT THE BASE RATE

OF THE ANNUAL YIELD WILL BE 3.56 %

This rate may vary in accordance with the Bank's General Terms and Conditions and applicable Deposit Terms.

Executed at St. John's, Antigua, West Indies

by AUTHORIZED SIGNATORY

CERTIFICATE OF DEPOSIT
NON-NEGOTIABLE

STANFORD INTERNATIONAL BANK LTD.

No. 11 Pavilion Drive, P.O. Box 1300, St. John's, Antigua, West Indies

385296

DATE 22 SEP 2008

ORIGINAL

DEPOSITOR(S) DAN AULI PANOS OR MARIA NAYADE PANOS PECHE

AMOUNT

CURRENCY USD

"We" means the financial institution. "You" means the depositor(s) named above. We will pay this certificate to you when you surrender it to us on the maturity date. If more than one of you are named above, you will own this certificate as joint tenants with right of survivorship (and not as tenants in common). We will treat any one of you as owner for purposes of surrender, payments of principal and interest, presentation (demanding payment of amount due), transfer and any notice for or from you. Each of you appoints the other as your agent for the purposes described above. We will use the address on our records for mailing notices to you. You cannot transfer or assign this certificate or any rights under it without our written consent. This certificate is subject to the Bank's General Terms and Conditions and applicable Deposit Terms, which are incorporated herein by reference. Unless otherwise stated, all amounts specified are in U.S. Dollars or an equivalent amount if deposits are made in currency other than U.S. Dollars.

This Flex CD 12 MONTHS USD Matures on 22 SEP 2009

THIS CERTIFICATE MATURES ON THE MATURITY DATE STATED ABOVE; IT WILL BE AUTOMATICALLY RENEWED FOR SUCCESSIVE TERMS, EACH EQUAL TO THE ORIGINAL TERM, UNLESS THE BANK IS ADVISED OTHERWISE FIVE (5) BANKING DAYS PRIOR TO MATURITY.

INTEREST ON MATURITY DATE WILL ACCRUE AT THE BASE RATE

OF THE ANNUAL YIELD WILL BE 4.86 %

This rate may vary in accordance with the Bank's General Terms and Conditions and applicable Deposit Terms.

Executed at St. John's, Antigua, West Indies

by AUTHORIZED SIGNATORY

CERTIFICATE OF DEPOSIT
NON-NEGOTIABLE

STANFORD INTERNATIONAL BANK LTD.

No. 11 Pavilion Drive, P.O. Box 1300, St. John's, Antigua, West Indies

182858

DATE 08 SEP 2008

ORIGINAL

DEPOSITOR(S) DAN AULI PANOS OR MARIA NAYADE PANOS PECHE

AMOUNT

CURRENCY USD

"We" means the financial institution. "You" means the depositor(s) named above. We will pay this certificate to you when you surrender it to us on the maturity date. If more than one of you are named above, you will own this certificate as joint tenants with right of survivorship (and not as tenants in common). We will treat any one of you as owner for purposes of surrender, payments of principal and interest, presentation (demanding payment of amount due), transfer and any notice for or from you. Each of you appoints the other as your agent for the purposes described above. We will use the address on our records for mailing notices to you. You cannot transfer or assign this certificate or any rights under it without our written consent. This certificate is subject to the Bank's General Terms and Conditions and applicable Deposit Terms, which are incorporated herein by reference. Unless otherwise stated, all amounts specified are in U.S. Dollars or an equivalent amount if deposits are made in currency other than U.S. Dollars.

This Fixed CD 6 MONTHS USD Matures on 08 MAR 2009

THIS CERTIFICATE MATURES ON THE MATURITY DATE STATED ABOVE; IT WILL BE AUTOMATICALLY RENEWED FOR SUCCESSIVE TERMS, EACH EQUAL TO THE ORIGINAL TERM, UNLESS THE BANK IS ADVISED OTHERWISE FIVE (5) BANKING DAYS PRIOR TO MATURITY.

INTEREST ON MATURITY DATE WILL ACCRUE AT THE BASE RATE

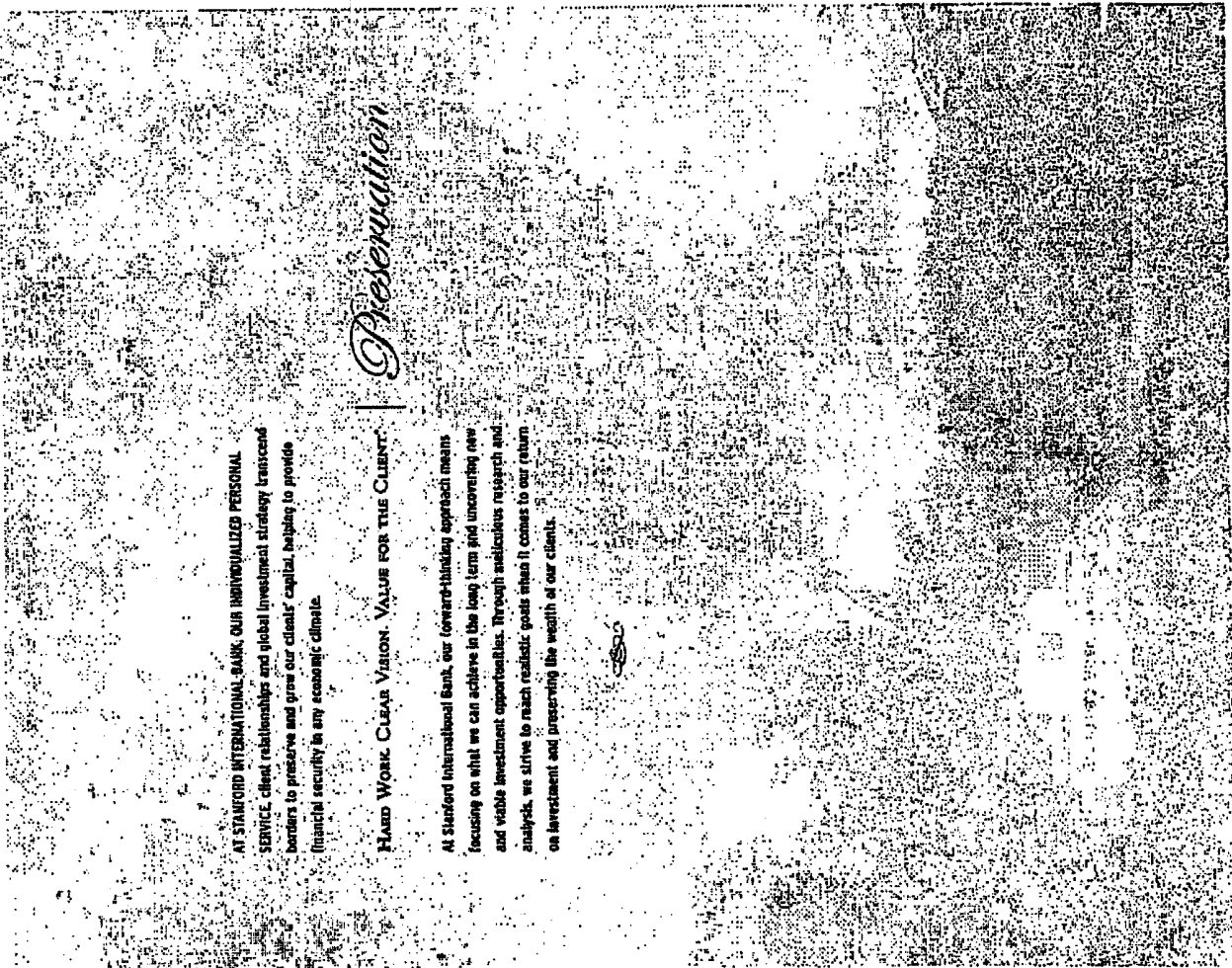
OF THE ANNUAL YIELD WILL BE 3.95 %

This rate may vary in accordance with the Bank's General Terms and Conditions and applicable Deposit Terms.

Executed at St. John's, Antigua, West Indies

by AUTHORIZED SIGNATORY

Exhibit “A-2”

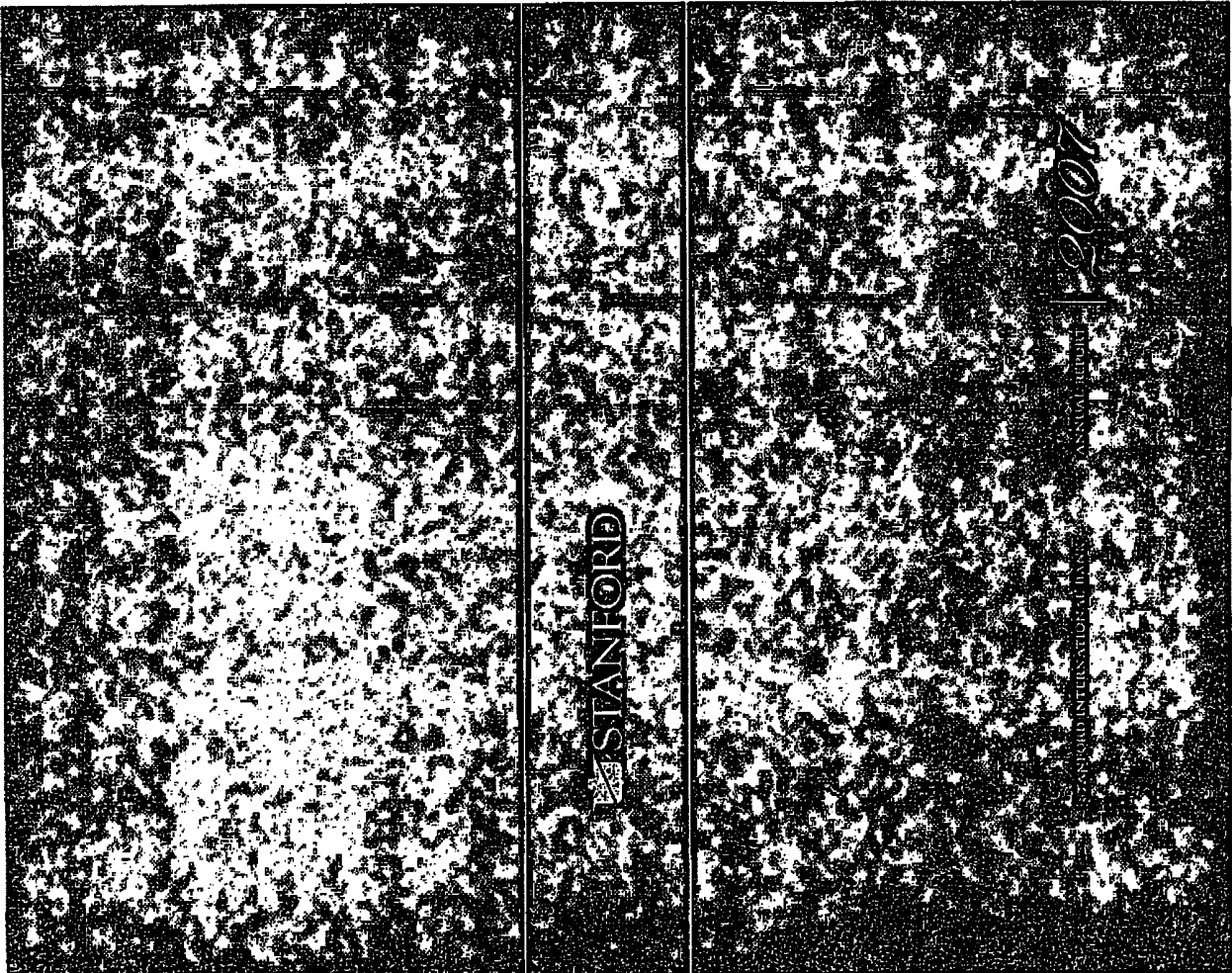


AT STANFORD INTERNATIONAL BANK, OUR INDIVIDUALIZED PERSONAL SERVICE, client relationships and global investment strategy transcend borders to preserve and grow our clients' capital, helping to provide financial security in any economic climate.

Preservation

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.

At Stanford International Bank, our forward-thinking approach means focusing on what we can achieve in the long term and uncovering new and viable investment opportunities. Through meticulous research and analysis, we strive to reach realistic goals when it comes to our return on investment and preserving the wealth of our clients.



STANFORD

10007

STANFORD INTERNATIONAL BANK'S INVESTMENT STRATEGY is designed to minimize systematic and unsystematic risk while maintaining liquidity, portfolio efficiency, optimal yield/return/risk, operational flexibility and absolute yield.

Growth

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.

We prudently manage for absolute yield return, not just benchmarked yields because we believe having clear vision means that when the market is booming and everything is going our way, we stay focused on the bottom line - producing results. That strategy is responsible for the Bank's more than 20 years of consecutive growth, surpassing US\$1 billion in total assets in mid-2007 and US\$2 billion by year end. And the strategy, with an increasing focus on high quality, low-risk assets in mid-2008, has produced consistent returns for our clients.



FINANCIAL HIGHLIGHTS
Data as of 31 December 2007

	2007	2006	2005
RESULTS			
TOTAL REVENUE (see Figure 1)	\$ 785,479	\$ 565,677	\$ 401,731
Interest Paid to Clients	437,193	310,035	228,792
Fees and Operating Expenses	300,667	226,123	175,023
Total Expenses	746,860	536,158	403,815
EARNINGS			
Capital	\$ 43,610	\$ 29,040	\$ 35,911
Shareholder's Equity	\$ 354,922	\$ 311,300	\$ 282,454
Percent of Total Assets*	5.07%	5.85%	6.89%
Percent of Total Client Deposits*	5.31%	6.21%	7.51%
YEAR-END BALANCES			
TOTAL ASSETS (see Figure 2)	\$ 7,057,462	\$ 5,375,317	\$ 4,058,114
TOTAL DEPOSITS (see Figure 2)	\$ 6,680,064	\$ 5,070,048	\$ 3,752,011

*Based on year-end report of year-end balances of assets and total deposits before the addition of capital.

FIGURE 1: REVENUE
Bar chart showing Total Revenue from 2005 to 2007. Values are in millions of dollars.

Year	Total Revenue (Millions)
2005	401.7
2006	565.7
2007	785.5

FIGURE 2: BALANCES
Bar chart showing Total Assets and Total Deposits from 2005 to 2007. Values are in millions of dollars.

Year	Total Assets (Millions)	Total Deposits (Millions)
2005	4,058.1	3,752.0
2006	5,375.3	5,070.0
2007	7,057.5	6,680.1

STANFORD INTERNATIONAL BANK goes beyond traditional bonding and lending methodology and offers an enlightened, innovative approach. In essence, there is no such thing as dormant capital. We put capital to work by investing in what we believe will offer the greatest opportunities for our clients. As a privately held institution, ensuring value for our customers is our top priority. We never lose sight of what our clients expect of us: putting their interests and premium return ahead of any other stakeholder.

HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.

Security

We believe value for clients means value for capital. Theirs and ours. That's why we zealously manage for a strong balance sheet, a strong cash flow and a strong return on equity. Further, our sole shareholder reinvests every dollar earned back into related synergies as an act of foresight that has continuously strengthened our capital base for future growth. And that's why we are able to pay consistent returns to our clients, year after year, through market up and market down.

Dear Valued Clients and Friends,

On behalf of the Board of Directors, management and staff of Standard International Bank, I am pleased to highlight the accomplishments and milestones achieved during the Bank's 25th Year of continuous operation.

In 2007 the Bank earned a record profit, generated more revenue than at any time in the Bank's history and also set a new milestone of year-end by growing total assets to more than \$7 billion.

The year began with robust economic forecasts for a growing global economy. Few people realized the enormous amount of leverage and securitized debt that had been utilized and underwritten by some of the world's largest and most respected banks and investment firms in the U.S. market. The overexpansion of credit and short-sighted investment decisions made in preceding years created a bubble that burst in June. Since then, there has been a continuous flow of negative news related to the U.S. economy. We have all read the stories of multibillion dollar write-offs that these banks and brokerage firms have been forced to make due to the securitized mortgage debt meltdown. We have also seen a continuing weakness in top management, and thousands of employees laid off at these industry giants. The ensuing global credit crisis resulted in central banks cutting interest rates and providing massive liquidity to stabilize financial markets.

Runners and leapers about what might come next produced tremendous swings in the world market indices. Chaos and confusion were, at times, the rule of the day. This, combined with the U.S. single-family housing market being bogged with foreclosures and loss of thousands of unsecured units in the high-rise condo market, meant high oil prices, the way in Iraq reaching its sixth year with a cost to the U.S. economy now measured in trillions of dollars, a growing imbalance of trade in the U.S. despite a slowing dollar, the adverse effects of global climate pattern changes, commodity prices that are completely out of sync, and unprecedented worldwide food price hikes with 89 nations deemed by the UN to be in full-blown food crisis, makes it clear that the United States may be on the road to a recession.

Overview

LETTER FROM THE CHAIRMAN

How long will it last, how severe will it be and how will it impact the rest of the world? No one knows for certain. However, there are bright spots. Certainly, the world's petroleum-based economies are enjoying levels of prosperity never seen before, and there are other market segments in emerging and developed economies that are performing well, but to know and understand these markets requires firsthand knowledge. You must roll up your sleeves and do the hard work necessary to fully understand the risk in order to make sound investment decisions. There never has been, and there never will be, an easy way to make money. It requires discipline, knowledge, experience, hard work and plain common sense. When most in our industry were quick to jump on the easy path to perceived big profits in the securitized debt market, we decided not to follow. The reason Standard International Bank did not get caught in this swirling debate was very simple: since we could not clearly define the risk, the potential reward became irrelevant. Today, while others in our industry are fighting for their survival, we are growing our business. While others in our industry have seen a complete turnover in management and are grappling with how to develop a new business strategy, our core leadership team remains intact, and our investment philosophy of global diversification remains unchanged. While others in our industry, even the world's largest, have needed to take extreme steps to recapitalize their balance sheets, Standard International Bank's overall liquidity and tier one capital are stronger today than at any time in our history.

Although our world is far different than the one in which my grandfather lived when the first Standard company was founded back in 1932, and technology has dramatically changed the way we live and conduct business, the old saying that "the more things change, the more they remain the same" has never been more true. As a company founded in the midst of the Great Depression, a time of despair and negativity, we have a long-term understanding of how even the most severe downturns can bring opportunities that yield significant benefits in the long run. This proven, well-grounded approach when making investment decisions and giving investment advice will benefit you, our clients, in these tumultuous times as never before.

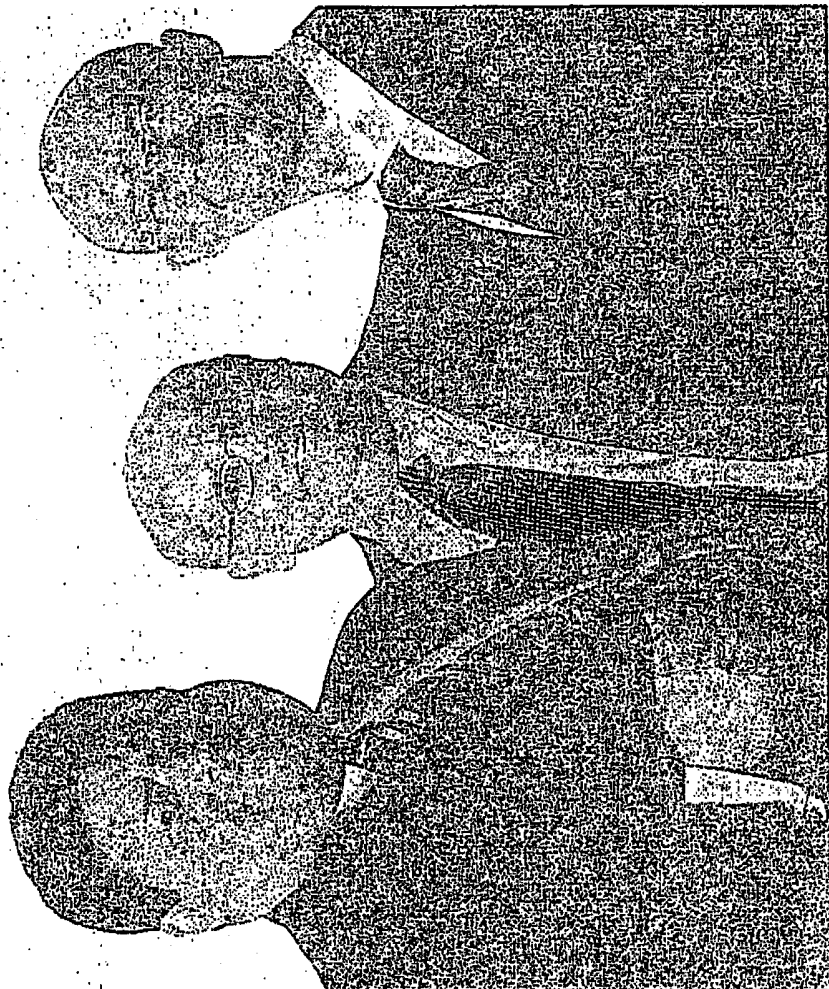


Exhibit "A-2," Page 4 of 19

FINANCIAL PERFORMANCE
Our strong performance in 2007 speaks for itself. Total assets grew by 32.2 percent to \$71 billion. Deposits grew 33.5 percent to \$63 billion and the Bank earned a record operating profit of \$40.6 million. At year end, shareholder's equity was \$354.9 million, up 14 percent from 2006. Investments of fair value increased \$1.4 billion to \$6.3 billion, 20.6 percent greater than 2006. Total revenues for the year were \$789.5 million, representing an increase of 39.6 percent over 2006. Investment income for 2007 was \$64.8 million, or 81.1 percent of total revenue, which was 31.9 percent greater than 2006. Interest paid to depositors for 2007 was \$437.2 million, or 40.7 percent greater than the interest paid on deposits in 2006. The Bank's cash balances at year-end 2007 were \$627.3 million, 9.6 percent greater than in 2006.

LOOKING FORWARD
During the first quarter of 2008 the Bank implemented Temenos T24, a state-of-the-art international banking system that allows our clients access to real-time account information 24 hours a day, 7 days a week. The new system will enable the Bank to expand its products and services in an even more secure environment in the future.

Sir Courtney M. Blackman, Ph.D., a long-standing member of the Board of Directors, noted economist and former head of the Central Bank of Barbados, has been appointed Vice Chairman of the Board and will assume greater responsibility as Chair of the Bank's Investment and Audit Committees. As I have stated many times over the years, the Bank's Board of Directors and Advisors, most of whom have been with the Bank throughout its 22-year history, have been instrumental in our prior success and will continue to play a vital role in the Bank's future.

In addition, by the end of 2008, the Bank will be operating under Basel II regulatory standards, which are the most stringent in the world.

In closing, I want to thank all of our clients for the trust you have placed in Stanford International Bank during this past year. You can rest assured that the principles of hard work, clear vision and value for the client will remain our bedrock. We look forward to continuing to serve you.

Sincerely,

R Allen Stanford
Sir Allen Stanford
Chairman

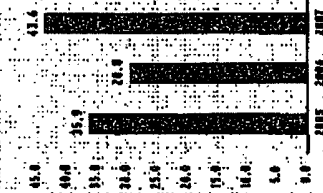
INCOME STATEMENT		YEAR ENDED 31 DECEMBER 2007	
Amounts in millions of U.S. dollars		2007	2006
5	OPERATING INCOME	\$ 941,775,605	\$ 678,175,564
	NET INVESTMENT INCOME		
	Interest Income	164,843,300	88,441,601
	Interest Expense	(47,102,793)	(310,634,646)
6	NET INVESTMENT INCOME (EXPENSE)	\$ (272,249,493)	\$ (224,192,959)
	Fee Income	3,038,700	1,545,724
	Fee Expense	(150,076,560)	(107,454,208)
7	NET FEE INCOME (EXPENSE)	\$ (147,044,961)	\$ (105,908,594)
8	Other Income (Loss)	(20,111,473)	(1,452,977)
9	TOTAL OPERATING INCOME (See Figure 3)	\$ 202,210,269	\$ 147,580,160
	OPERATING EXPENSES		
9	Personnel Expenses	3,610,747	2,785,700
10	General and Administrative Expenses	104,728,093	115,656,700
14	Depreciation of Property and Equipment	853,885	885,322
	TOTAL OPERATING EXPENSES	\$ 109,192,625	\$ 119,328,822
	OPERATING PROFIT (See Figure 4)	\$ 43,511,594	\$ 28,948,357

The data on pages 13 to 19 are an integral part of this financial statement.

Figure 3. OPERATING INCOME before tax (millions)



Figure 4. OPERATING PROFIT before tax (millions)



STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2007

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
1. Net income	\$ 64,775,906	\$ 475,175,564
2. Depreciation	184,843,290	32,481,071
3. Amortization	(32,192,793)	(11,834,618)
4. Net income	3,000,798	1,545,724
5. Other non-cash items	200,171,478	(1,466,977)
6. Cash paid to employees and suppliers	(207,114,478)	(225,307,757)
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 44,371,445	\$ 28,234,009
CHANGES IN OPERATING ASSETS AND LIABILITIES		
7. Net increase in financial instruments at fair value	(1,111,980,477)	(1,140,085,929)
8. Net increase in loans and advances to clients	55,104,127	243,177,456
9. Net increase/decrease in other assets	2,812,516	(3,772,791)
10. Net increase/decrease in other liabilities	1,678,880,557	(1,217,022,726)
11. Net increase/decrease in other liabilities	(1,333,858)	(2,281,267)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 304,105,144	\$ 65,412,435
CASH FLOWS FROM INVESTING ACTIVITIES		
12. Purchase of property and equipment	(1,353,259)	(1,356,034)
13. Proceeds from sale of property and equipment	51,268	385,151
NET CASH FLOWS FROM INVESTING ACTIVITIES	\$ (1,301,991)	\$ (970,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Contribution to Share Premium Account	0	0
15. Net Cash Flow from Financing Activities	0	0
Net Increase in Cash and Cash Equivalents	\$ 304,105,144	\$ 65,412,435
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	\$ 322,887,210	\$ 258,474,854
CASH AND CASH EQUIVALENTS AT END OF YEAR (See Figure 1)	\$ 627,022,403	\$ 323,887,210

The above table is a summary of the cash flows from operating activities.

Figure 1: CASH AND CASH EQUIVALENTS

Percent (in millions)



NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

NOTE 1 - GENERAL INFORMATION

Standard International Bank Limited ("the Bank") provides private banking services to the international market. The Bank has a network of 10,000 clients from more than 100 countries around the world. The Bank is regulated under the International Business Corporation Act of 1942, as amended ("the Act"). The Bank's activities are primarily in the United States and are conducted through its wholly owned subsidiary, Standard International Bank USA, National Association ("SIB USA"). The Bank is also regulated by the Federal Reserve Board ("the Fed") and the Office of the Comptroller of the Currency ("the OCC"). The Bank is a member of the Federal Reserve System and is subject to the supervision of the Fed and the OCC. The Bank is also a member of the International Bankers Association ("IBA") and the International Association of Banks ("IAB").

The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

NOTE 2 - ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 BASIS OF PRESENTATION

Standard International Bank's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Bank's financial statements are prepared on an accrual basis and are presented in US dollars. The Bank's financial statements are prepared in accordance with IFRS and are presented in US dollars.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The Bank's management has exercised its judgment in the process of applying the Bank's accounting policies. The Bank's management has exercised its judgment in the process of applying the Bank's accounting policies.

The Bank has adopted the following IFRS, which are referred to as operations. All other standards do not currently apply to the Bank's operations.

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 16 Property, Plant and Equipment
- IAS 19 Employee Benefits
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 24 Related Party Disclosures
- IAS 26 Investment of Assets
- IAS 27 Provisions, Contingent Liabilities and Contingent Assets
- IAS 28 Financial Instruments: Recognition and Measurement

All changes in the accounting policies have been made in accordance with the provisions in the respective standards.

2.2 FOREIGN CURRENCY TRANSLATION

The financial statements are presented in US dollars, which is the Bank's functional and presentation currency. Foreign currency transactions are recorded into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency transactions are recorded into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency transactions are recorded into the functional currency using the exchange rates prevailing at the dates of the transactions.

2.3 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market prices, and are also obtained from valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are carried at market when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price for the derivative. The fair value of the derivative is then measured at the end of each reporting period using the same valuation techniques as at initial recognition. The fair value of the derivative is then measured at the end of each reporting period using the same valuation techniques as at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

The Bank uses the following derivative instruments and strategies for hedging and non-hedging purposes:

Financial futures contracts represent commitments to buy and sell underlying financial instruments in the future and are accounted for on a recognition and specific monthly basis.

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on specific future dates.

Over-the-counter swaps are agreements to exchange, and on termination of the swap, reverse exchange principal amounts denominated in different currencies. Cross-currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for specific periods.

A currency option gives the buyer the right, but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Interest rate futures are publicly exchange-traded contracts to buy or sell a standard amount of a specified fixed-income security or time deposit at an agreed interest rate on a specified date.

A forward rate agreement gives the buyer the ability to determine the underlying rate of interest for a specified holding period commencing on a specified future date. There is no exchange of principal, and settlement is effected on the settlement date. The settlement amount is calculated by reference to the difference between the contract rate and the market rate prevailing on the settlement date.

Interest rate options give the buyer the right, but not the obligation, to fix the rate of interest on a future deposit or loan for a specified period and commencing on a specified future date.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds subject to the cap or floor. The cap or floor is the amount by which the market rate exceeds or falls short of the cap rate or the floor rate (respectively). A combination of an interest rate cap and floor is known as an interest rate collar.

Equities options give the buyer the right, but not the obligation, to buy or sell specified amounts of equities or a basket of equities in the form of published indices.

2.4 INTEREST INCOME AND EXPENSE

Interest income and expense are recognized in the income statement for all instruments measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the interest period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, through a shorter period in the case of carrying amount of the financial instrument. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options and extension options) and does not consider expected credit losses. However, fees and costs that are an integral part of the effective interest rate calculation (such as transaction costs) are included in the estimate of the effective interest rate. Transaction costs and all other premiums or discounts that have been paid or received between parties to the contract.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest utilized to discount the future cash flows for the purposes of measuring the impairment loss.

2.5 FEE INCOME

Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Investment and other management advisory and service fees are recognized based on the applicable service contract, usually on a time-proportionate basis. Most management fees related to investment funds are recognized ratably over the period the services are provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

2.6 DISBURSALS

The insurance coverage of the Bank includes Property and Casualty, Worldwide Package, Vehicle, Workers' Compensation and Travel Accident coverage. Financial coverage includes Bankers' Mutual Bond, Director's and Officers' Liability, and Errors and Omissions Liability. The Bank also maintains regulatory liability coverage for its correspondent banks.

The Bank's insurance program is independently reviewed. The latest review was performed by Stargate & Associates, an independent risk management consultant. The primary objective of each review is to provide assurance that the risk management and internal controls currently implemented address the Bank's exposure to loss. The most recent assessment stated that the Bank had reasonable internal controls and risk management systems in place and found no material weaknesses in these areas.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2 FINANCIAL ASSETS

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss have two subcategories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Purchases and sales of financial assets at fair value through profit or loss are recognized on trade date – the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognized in the income statement in the period in which they arise. Interest calculated using the effective interest method is recognized in the income statement.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (for example, because of illiquidity), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow, option pricing models and other valuation techniques commonly utilized by market participants.

2.3 IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortized cost
The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset or group of assets that can be identified and measured reliably. The Bank assesses impairment of financial assets at the end of each reporting period. Impairment losses are recognized in the income statement in the period in which they arise. Interest calculated using the effective interest method is recognized in the income statement.

(b) Significant financial difficulty of the issuer or obligor
(i) a breach of contract, such as a default or delinquency in interest or principal payments;
(ii) the bank ceasing to do business, for economic or legal reasons relating to the borrower's financial difficulty; a concession that the lender would not otherwise consider;
(iii) the probability that the borrower will enter bankruptcy or other financial reorganization;
(iv) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group; and
(v) a decline in the fair value of investments in the group or a decline in the fair value of investments in the group or a decline in the fair value of investments in the group.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and then collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carries a measurable cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. For loans and receivables, the Bank estimates the amount of the loss on the basis of the carrying amount of the asset, taking into account the expected future cash flows. The calculation of the loss is based on the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for selling the collateral, whether or not foreclosure is probable.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carries a measurable cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. For loans and receivables, the Bank estimates the amount of the loss on the basis of the carrying amount of the asset, taking into account the expected future cash flows. The calculation of the loss is based on the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. I.e., on the basis of the bank's grading process that considers asset type, industry, geographical location, collateral type, past due status and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for groups of assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows from a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the pattern in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

	AT 31 DECEMBER 2007	UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 12 MONTHS	UNASSIGNED	TOTAL
Assets								
Cash and cash equivalents	\$ 827,292,463	\$ 827,292,463	\$ 827,292,463	\$ 827,292,463	\$ 827,292,463	\$ 827,292,463	\$ 827,292,463	\$ 827,292,463
Securities	\$ 5,631,645,538	\$ 5,631,645,538	\$ 5,631,645,538	\$ 5,631,645,538	\$ 5,631,645,538	\$ 5,631,645,538	\$ 5,631,645,538	\$ 5,631,645,538
Loans and advances	\$ 15,722,861	\$ 15,722,861	\$ 15,722,861	\$ 15,722,861	\$ 15,722,861	\$ 15,722,861	\$ 15,722,861	\$ 15,722,861
Other assets	\$ 1,311,702,272	\$ 1,311,702,272	\$ 1,311,702,272	\$ 1,311,702,272	\$ 1,311,702,272	\$ 1,311,702,272	\$ 1,311,702,272	\$ 1,311,702,272
LIABILITIES								
Accounts payable	\$ 48,940,892	\$ 48,940,892	\$ 48,940,892	\$ 48,940,892	\$ 48,940,892	\$ 48,940,892	\$ 48,940,892	\$ 48,940,892
Other liabilities	\$ 402,810,892	\$ 402,810,892	\$ 402,810,892	\$ 402,810,892	\$ 402,810,892	\$ 402,810,892	\$ 402,810,892	\$ 402,810,892
TOTAL LIABILITIES	\$ 451,751,784	\$ 451,751,784	\$ 451,751,784	\$ 451,751,784	\$ 451,751,784	\$ 451,751,784	\$ 451,751,784	\$ 451,751,784
NET ASSETS	\$ 4,080,185,717	\$ 4,080,185,717	\$ 4,080,185,717	\$ 4,080,185,717	\$ 4,080,185,717	\$ 4,080,185,717	\$ 4,080,185,717	\$ 4,080,185,717

3.0 CAPITAL MANAGEMENT
The Bank's objective when managing capital is to ensure that it is able to meet its obligations to policyholders and to maintain a strong capital position to support the business. The Bank's capital management is based on the regulatory requirements of the Bank and the regulatory capital requirements of the Bank. The Bank's capital management is based on the regulatory requirements of the Bank and the regulatory capital requirements of the Bank.

	2007	2006
Ordinary Share Capital	\$ 10,000,000	\$ 10,000,000
Short-Term Debt	\$ 102,800,000	\$ 102,800,000
Subordinated Debt	\$ 247,471,761	\$ 247,471,761
TOTAL CAPITAL	\$ 350,271,761	\$ 350,271,761
TOTAL ASSETS	\$ 4,080,185,717	\$ 4,080,185,717
Capital Ratio	8.58%	8.58%

NOTE 4 - CAPITAL ACCOUNTING ESTIMATES AND JUDGEMENTS
IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and judgments that affect the reported amounts of assets and liabilities within the consolidated financial statements. These estimates and judgments are based on historical experience and other factors, including expectations of future events that may affect the outcome of these estimates under the circumstances.

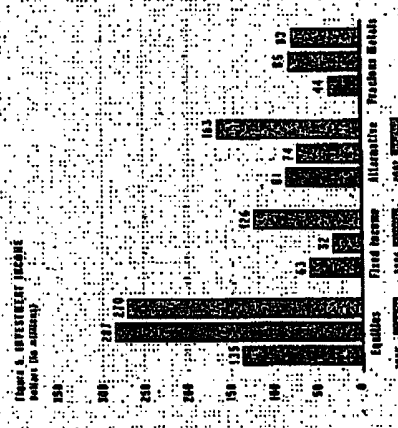
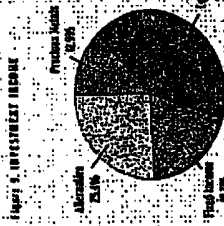
4.1 FAIR VALUE OF DERIVATIVES
The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel. Independent of the areas that created them, all models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. In the event practical models are not available, the Bank uses other methods to determine fair value, such as the use of a market-based approach or other methods that require judgment to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

4.2 OFFICE TAX
As a company listed under the Act, the Bank is subject to all direct taxes with respect to any international trading, investment or commercial activity. The Bank's tax liability is based on its taxable income and other factors.

4.3 LEGAL ACTIONS
At this time, there is no significant pending legal activity, in the normal course of business, the Bank is subject to legal actions. The Bank is not able to predict whether or not there will be an adverse effect on results of operations in a particular future period.

NOTE 5 - NET INVESTMENT INCOME

	2007	2006
Equities	\$ 269,717,240	\$ 269,717,240
Fixed Income	\$ 125,488,427	\$ 125,488,427
Alternatives	\$ 133,011,443	\$ 133,011,443
Private Equity	\$ 82,560,086	\$ 82,560,086
TOTAL	\$ 610,775,196	\$ 610,775,196



NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - NET INTEREST INCOME/(EXPENSE)

	2007	2006
INTEREST INCOME		
Cash and Short-Term Funds	\$ 18,588,705	\$ 14,000,000
Investment Securities	140,186,798	67,228,520
Loans and Advances	6,057,925	1,812,100
TOTAL (See Figure 10)	\$ 194,833,428	\$ 83,040,620
INTEREST EXPENSE		
Deposits and Checks	\$ 47,192,793	\$ 310,834,246
TOTAL (See Figure 11)	\$ 47,192,793	\$ 310,834,246
NET INTEREST INCOME/(EXPENSE)	\$ 147,640,635	\$ (227,793,626)

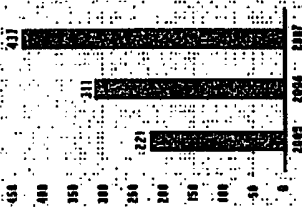
FIGURE 10. INTEREST INCOME

(In millions)



FIGURE 11. INTEREST EXPENSE

(In millions)



NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - NET FEE INCOME/(EXPENSE)

	2007	2006
FEE INCOME		
Loan Processing Fees	\$ 132,065	\$ 77,862
Early Withdrawal Fees	2,888,714	1,497,842
TOTAL	\$ 3,020,779	\$ 1,575,704
FEE EXPENSE		
Bank Fees	\$ 245,632	\$ 332,428
Commissions	101,414	101,414
Credit Card Losses	618,800	63,422
Waived Annual Fees	69,169	76,207
Waived Fees	115,568	115,568
TOTAL	\$ 1,100,583	\$ 105,795,795
NET FEE INCOME/(EXPENSE)	\$ 1,920,196	\$ 147,454,288

Net fee income is calculated as total fee income less total fee expense. Net fee income is reported net of the estimated cost of credit losses and other expenses.

NOTE 8 - OTHER INCOME/(LOSS)

	2007	2006
Gain/(Loss) on Foreign Exchange	\$ (1,756,258)	\$ 18,146
Gain/(Loss) on Disposal of Fixed Assets	18,146	37,007
Realized Income	33,851	214,100
Other Income	55,680	214,100
TOTAL	\$ 20,523	\$ (1,485,877)

NOTE 9 - PERSONNEL EXPENSES

	2007	2006
Salaries and Wages	\$ 2,812,022	\$ 2,368,140
Company Portion of Payroll Taxes	185,199	130,246
Employee Insurance	110,353	77,035
Employee Benefits	383,419	250,800
Personal Recreational, Training and Education	49,774	53,531
TOTAL	\$ 3,540,767	\$ 2,880,552
Headcount Number of Employees During the Year	75	65

NOTES TO THE FINANCIAL STATEMENTS

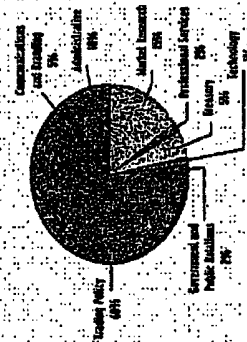
(Amounts in United States dollars)

NOTE 10: GENERAL AND ADMINISTRATIVE EXPENSES

	2007	2006
Rent and Maintenance of Offices and Equipment	\$ 540,455	\$ 1,434,149
Telephone, Data and Fax	634,955	712,553
Mail and Delivery Services	1,824,600	1,432,001
Advertising and Promotion	624,084	549,559
Travel and Accommodations	883,030	650,153
Insurance	1,513,444	1,559,629
Management Fees (see Figure 12)	142,052,711	185,882,542
Director's Emoluments	175,550	97,500
Information Technology	323,540	259,926
Professional Fees	1,559,776	1,247,469
Audit Fees	68,650	65,000
Other General and Administrative Expenses	3,095,441	1,027,545
TOTAL	\$ 154,226,053	\$ 115,054,793

Management fees consist of expenses related to the consulting and services agreement to share with Standard Financial Group Global Management, LLC. These services include treasury-related functions, subsidiaries and information trading policy, client communications, research, marketing and branding, government and public relations, technology and other related administrative costs. The service agreement is negotiated annually and was renewed for the year 2007 on 29 December 2006.

Figure 12: Management Fees



NOTES TO THE FINANCIAL STATEMENTS

(Amounts in United States dollars)

NOTE 11: CASH AND DEPOSITS WITH OTHER BANKS

	2007	2006
Included in Cash and Cash Equivalents	\$ 627,322,483	\$ 32,287,739
Mandatory Reserve Deposits Placed with Local Entities	500,000	500,000
TOTAL	\$ 627,822,483	\$ 32,787,739

Mandatory reserve deposits are not available for use in the Bank's day-to-day operations.

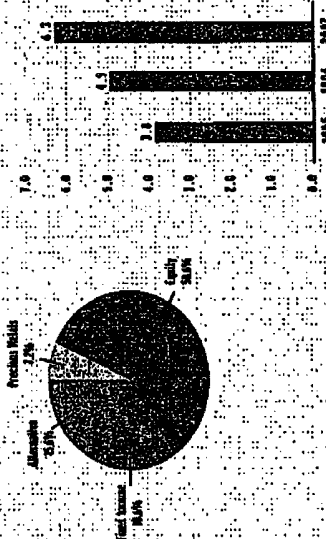
NOTE 12: FINANCIAL ASSETS AT FAIR VALUE

	2007	2006
Equity	\$ 3,717,219,465	\$ 2,432,950,717
Fixed Income	1,182,339,462	1,140,307,233
Alternatives	685,765,316	310,370,520
Private Equity	453,287,331	630,017,591
TOTAL (see Figures 13 and 14)	\$ 6,038,611,574	\$ 4,513,651,061

Figure 13: Financial Assets

Figure 14: Total Financial Assets

(Amounts in millions)



NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - LOANS AND ADVANCES TO CLIENTS

	2007	2006
Loans and Advances (See Figure 15)	\$ 65,900,560	\$ 60,527,752
Loan Principal	3,824,021	3,253,722
Accrued Interest on Loans	\$ 60,732,601	\$ 54,626,474
TOTAL		
By Client Type (See Figure 16)		
Corporate	46,252,263	30,561,510
Private	24,480,265	25,144,555
TOTAL	\$ 60,732,601	\$ 54,626,474
By Geographic Region (See Figure 17)		
North America	3,291,023	3,265,027
Central America	32,655,197	30,378,904
South America	12,712,054	16,651,259
Caribbean	18,751,338	12,075,600
Other	1,225,989	1,235,774
TOTAL	\$ 60,732,601	\$ 54,626,474
By Type of Collateral		
Residential	\$ 60,732,601	\$ 54,626,474

Figure 13. LOANS AND ADVANCES

Values in millions



Figure 14. BY CLIENT TYPE

Values in millions

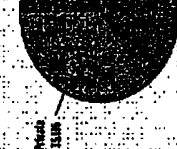
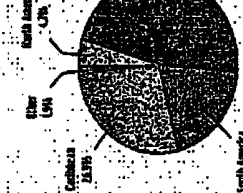


Figure 17. BY GEOGRAPHIC REGION

Values in millions



NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 - PROPERTY AND EQUIPMENT

	2007	2006
PROPERTY AND EQUIPMENT	\$ 1,107,550	\$ 1,107,550
Accumulated Depreciation	(133,659)	(133,659)
Net Property and Equipment	\$ 973,891	\$ 973,891
By Type of Asset		
Land	0	0
Buildings	17,250	17,250
Equipment	956,641	956,641
Other	0	0
TOTAL	\$ 973,891	\$ 973,891

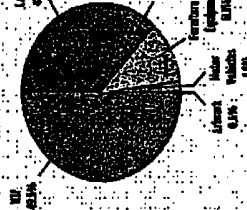
Figure 18. PROPERTY AND EQUIPMENT

Values in millions



Figure 15. PROPERTY AND EQUIPMENT

Values in millions



NOTE 15 - OTHER ASSETS

	2007	2006
Accounts Receivable	\$ 147,500	\$ 3,003,513
Prepaid Expenses	4,207,568	4,207,568
Other Assets	1,430,268	1,071,391
TOTAL	\$ 5,785,336	\$ 8,282,472

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 16 - DEPOSITS FROM CLIENTS

EXPRESS ACCOUNTS

Funds from these accounts are primarily invested in short-term instruments and foreign currency deposits.

PERFORMANCE ACCOUNTS

Funds from these accounts are primarily invested in domestic equity funds, securities and foreign currency deposits.

CERTIFICATES OF DEPOSIT

The certificates of deposit accounts will pay the interest rate stated at inception and will mature. Funds from these accounts are generally invested in investment grade bonds, securities and foreign currency deposits.

FLEXICAP - A certificate of deposit that accepts additional deposits and withdrawals up to 25 percent of the balance and a maximum of four per year without incurring early withdrawal penalties or additional fees. This product is available in most international currencies.

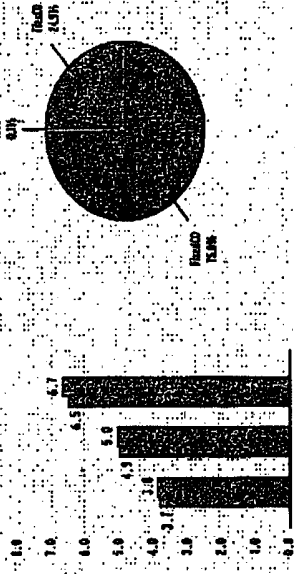
FLEXICAP - A certificate of deposit that does not accept additional deposits and withdrawals and is subject to early withdrawal penalties. This product is available in most international currencies.

RIBEX-LINKED CERTIFICATE OF DEPOSIT (RLCD) - A certificate of deposit that is linked to the performance of either the S&P 500 Index, the NASDAQ 100 Index or the New York Times 100 Index. At term end, the depositor receives the total amount invested plus a fixed interest rate or an index participation rate, whichever is greater. This product does not raise automatically, is only available in U.S. dollars and withdrawals are subject to an early withdrawal penalty.

	2007	2006
Express Accounts	\$ 150,020,555	\$ 110,325,271
Performance Accounts	3,226,470	4,715,073
RLCD	1,892,061,197	1,282,754,570
FLEXICAP	4,895,305,523	3,481,550,143
Total (See Figures 20 and 21)	\$ 6,963,862,345	\$ 5,360,345,057

Figure 20 - CERTIFICATES OF DEPOSIT AND RIBEX-LINKED DEPOSITS

(Values in billions)



NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 17 - OTHER LIABILITIES AND PROVISIONS

ACQUIRED INTEREST COMPONENT OF CLIENT DEPOSITS

At 31 DECEMBER 2007:

Express Accounts	\$ 51,000	\$ 31,430
Performance Accounts	0	1,233
RLCD	61,759,215	61,365,000
FLEXICAP	308,801,168	184,751,974
Total	\$ 369,560,383	\$ 247,349,637

DEPOSITS PER ACCOUNT ON AN AVERAGE BASIS:

Express Accounts	\$ 171,500,320	\$ 91,070,020
Performance Accounts	3,407,444	6,726,777
RLCD	1,508,018,250	1,327,084,188
FLEXICAP	4,253,200,032	2,938,147,457
Total	\$ 7,340,126,656	\$ 5,263,099,452

NOTE 18 - SHARE CAPITAL AND SHARE PREMIUM

ACCOUNTS PAYABLE

Accounts Payable	\$ 2,644	\$ 10,209
Accounts Payable to Related Parties	12,421,752	12,811,568
Other Liabilities	572,253	2,811,847
Total	\$ 12,996,649	\$ 15,633,624

NOTE 19 - SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED	ORDINARY SHARES	SHARE PREMIUM	TOTAL
At 31 DECEMBER 2005	100,000	100,000	\$ 10,000,000	\$ 10,000,000	\$ 20,000,000
Additional Contributions	0	0	0	0	0
At 31 DECEMBER 2006	100,000	100,000	\$ 10,000,000	\$ 10,000,000	\$ 20,000,000
Additional Contributions	0	0	0	0	0
At 31 DECEMBER 2007	100,000	100,000	\$ 10,000,000	\$ 10,000,000	\$ 20,000,000

All shares have a par value of \$100.00 and have been fully paid.

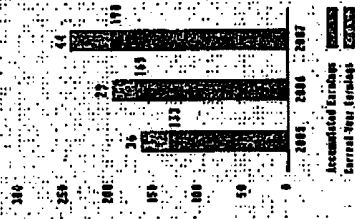
NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

NOTE 19: RETAINED EARNINGS

	2007	2006
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 187,803,197	\$ 168,953,320
Net Profit for the Year	43,616,564	39,649,267
At 31 DECEMBER (See Figure 22)	\$ 231,419,761	\$ 197,602,587

Figure 22: RETAINED EARNINGS
in millions of dollars



NOTE 20: CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities and Commitments	\$ 77,550,315	\$ 61,561,521
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Letters of credit and guarantees issued by the Bank on behalf of clients are fully cash secured and do not represent a direct contingent liability or risk to the Bank.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

NOTE 21: RELATED-PARTY TRANSACTIONS

Standard International Bank is a member of the Standard Financial Group, which is a privately held global group of wholly owned, independently managed financial services companies founded in 1932. Standard's core businesses are wealth management for high-net-worth individuals and institutional banking for institutions and emerging growth companies. Standard's private and institutional investors have created themselves of Standard's global expertise in asset allocation strategies, investment advisory services, equity and fixed income research, international private banking and fund administration, commercial banking, investment banking, merchant banking, institutional sales and trading, and capital management and insurance. Standard serves clients from more than 100 countries on its continents.

A number of banking transactions are entered into with related parties in the normal course of business. These include but are not limited to loans, deposits and foreign currency transactions. The volumes of related-party transactions, outstanding balances at year end and related expenses for the year are as follows:

	2007	2006
DEPOSITS AT 31 DECEMBER	\$ 41,581,308	\$ 24,413,125
EXPENSES		
Interest on deposits	\$ 1,071,553	\$ 1,342,126
Bank fees	124,355	970,023
Interest fees	146,026,410	101,795,769
Management fees	427,589,711	155,852,842
Other	203,621,029	\$ 214,957,823
Accounts Receivable Balance at 31 December	\$ 147,500	\$ 3,003,513
Accounts Payable Balance at 31 December	\$ 12,421,752	\$ 12,011,546

Referred fee agreements exist between the Bank and Standard Group Company, Standard First Company, United and Standard Group (collectively, "SG") for a percentage of the management client investment portfolio of each company and is repaid annually.

A compensation fee agreement related to consulting and services exist between the Bank and Standard Financial Group Global Management, LLC. The services include regulatory-related functions, operations and technology, and technology, client communications, research, marketing and training, government and public relations, technology and other related administrative services.

All Bank personnel are compensated in the same manner and on special benefits paid for management.

Director Compensation	\$ 175,550	\$ 97,500
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A listing of the members of the Board of Directors is shown on page 35 of this annual report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

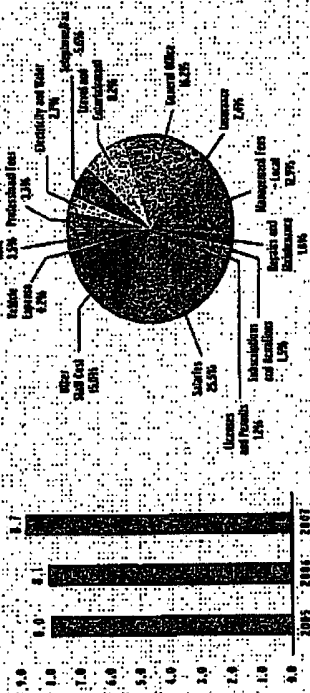
NOTE 22 - INTERNATIONAL BUSINESS CORPORATIONS (IBC) ACT DISCLOSURE INFORMATION

Under authority of Section 550 of the IBC Act, the Bank is required to disclose the following information as it pertains to the expenses that impact the national economy of Antigua and Barbuda.

	2007	2006
OPERATING EXPENSES (see figures 23 and 24)		
Salaries	\$ 2,211,322	\$ 1,910,005
Other Staff Cost	1,200,816	984,296
Vehicle Expense	16,461	17,492
Rent	386,273	1,162,363
Professional Fees	285,465	218,008
Electricity and Water	232,498	218,008
Telephone/Fax	994,108	965,940
Travel and Entertainment	707,544	405,276
General Office	1,402,803	1,230,679
Insurance	212,354	177,877
Management fees - Local	1,117,842	891,144
Repairs and Maintenance	165,176	239,805
Subscriptions and Databases	129,442	212,767
Licenses and Permits	100,639	43,125
TOTAL	\$ 9,664,698	\$ 9,055,679

CAPITAL EXPENSES	\$ 713,620	\$ 107,304
Asset Purchases		

FIGURE 23. INTERNATIONAL CORPORATE VENTURES - FIGURE 24. MANAGEMENT FEES



HARD WORK. CLEAR VISION. VALUE FOR THE CLIENT.

Reprints

REPORTS | AUDITOR'S REPORT

We have audited the accompanying balance sheet of Standard International Bank, Limited as at 31 December 2007 and the related statements of income, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with international auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We consider that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are fair in all material respects, and they show a true position of the company as at 31 December 2007, and the results of its operations and its cash flow for the year in accordance with international financial reporting standards.

Ernst & Young

Ernst & Young Limited
Chartered Accountants
11, Abchurch Lane, London EC4N 3DF, United Kingdom
10 April 2009

REPORTS | AUDITOR'S REPORT

The management of Standard International Bank is responsible for the preparation, integrity and objectivity of the financial statements of the Bank. The financial statements and notes have been prepared by the Bank in accordance with International Financial Reporting Standards and in the preparation of management's financial statements, the Bank's financial position and results of operations. The financial statements and other financial information in this annual report include amounts that are based on management's best estimates and judgments and give due consideration to materiality.

The Bank employs a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are recorded in accordance with management's authorization and proper property is owned. The preparation of financial statements in accordance with International Financial Reporting Standards, the internal audit function of the Bank, review, evaluation, monitoring and implementation of internal controls, which act as an integral but independent part of the system of internal controls.

The Bank's independent accountants were engaged to perform an examination of the financial statements. This examination provides an objective outside review of management's responsibility to report operating results and financial condition. Working with the Bank's internal auditors, they review and make tests, as appropriate, of the data included in the financial statements.

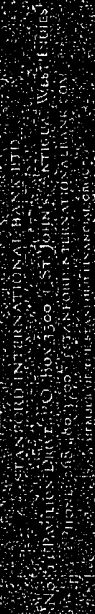
The Board of Directors discharges its responsibility for the Bank's financial statements through its Audit Committee. The Audit Committee meets periodically with the independent accountants, internal auditors and management. The independent accountants and the internal auditors have direct access to the Audit Committee to discuss the scope and results of their work, the adequacy of internal accounting controls and the quality of financial reporting.

R. Allen Stapp

R. Allen Stapp
Chairman of the Board

James M. Davis

James M. Davis
Director and CFO



BOARD OF DIRECTORS:
St. Allen Standard
 Chairman of the Board
James A. Stancov
 Chairman Emeritus
St. Anthony R. Macdonald, Ph.D.
 Vice Chairman
James M. Davis
 Chief Financial Officer
O. Y. Gumbick
 Investments
Kenneth C. Allen, O.C.
 Secretary and Treasurer
Robert S. Winder
 Insurance

BANK MANAGEMENT:
John Rodriguez-Gonzalez
 President
Robert Furbush
 Senior Vice President
Ernesto Riquelme
 Vice President
Beverly M. Jacobs
 Vice President
Ramiro P. Ponsard, MCA
 Accounting Manager

COURTANCE
Paula C. Rodriguez, CCM
 Vice President &
 Senior Compliance Officer

BANK REPRESENTATIVE OFFICE:
AMLS Liquidity
 Portfolio President
 10000 Wilshire Blvd., 10th Floor
 Beverly Hills, CA 90210

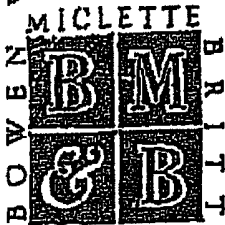
AUDITORS:
C. A. S. Herperly P.C., Ltd.
 Chartered Accountants
 30, Johns Street, St. John's, Antigua

INSURANCE AND BENEFITS MANAGERS:
Russell, Middleton & Dill
 100 North Loop East
 P.O. Box 92022
 Houston, Texas 77292

WILLS LIMITED
 10 Finlay Square
 London EC2P 2AJ
 United Kingdom

PARASTERS AND SOLUTIONS
Kumbaro & Williams
 Sanctuary Financial Center
 901 Brickell Avenue
 Miami, Florida 33131

Exhibit “B-1”



BOWEN, MICLETTE & BRITT, INC.
1111 NORTH LOOP WEST, SUITE 400
P.O. BOX 912022
HOUSTON, TEXAS 77292-2022
O (713) 580-7100
FAX (713) 580-7155

RE: STANFORD INTERNATIONAL BANK LIMITED

I have been doing business with Stanford International Bank for over eleven years and find them to be first class business people. We have placed the following coverages that are currently in effect:

- 1) Directors and Officers Insurance with Lloyds of London - Best Rating A
- 2) Bankers Blanket Bond with Lloyds of London - Best Rating A
- 3) Excess FDIC Insurance with General Star Indemnity - Best Rating A++ IX
- 4) Depository Insolvency with Great American Insurance Co. - Best Rating A XI

All of these coverages have been in effect for various terms for the past six to eleven years, however, no representations can be made that such coverages will remain in effect. Attached is a schedule of what the Best Ratings mean.

In order to qualify for the above coverages, the Bank underwent a Risk Management Review conducted by an outside audit firm.

We have found that all our dealings with the Bank have been conducted in a professional and satisfactory manner.

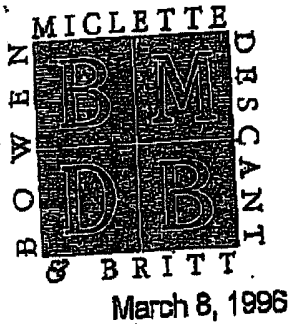
Sincerely,

A handwritten signature in cursive script, appearing to read 'Robert S. Winter'.

Robert S. Winter
Financial Specialist

Insurance/Bonds/Risk Management

Exhibit “B-2”



BOWEN, MICLETTE, DESCANT & BRITT
111 NORTH LOOP WEST, SUITE 400
P.O. BOX 922822
HOUSTON, TEXAS 77292-2022
(713) 880-7100
FAX: (713) 880-7166

Mr. :

00600 Mexico, D. F.
MEXICO

RE: STANFORD INTERNATIONAL BANK

Dear Mr. :

I have been doing business with Stanford International Bank for over eight years and find them to be first class business people. Through Crump Financial Services, a Sedgwick subsidiary, we have placed the following coverages that are currently in effect:

- 1) Directors and Officers Insurance with Lloyds of London;
- 2) Bankers Blanket Bond with Lloyds of London;
- 3) Excess FDIC Insurance with General Star Indemnity; and
- 4) Depository Insolvency with Great American Insurance Co.

All of these coverages have been in effect from four (4) to eight (8) years. During my association with Stanford Financial Group there has not been an occasion where any coverage has lapsed and not been renewed.

In order to qualify for the above coverage, the Bank underwent a stringent Risk Management Review conducted by an outside audit firm.

We feel that you will be pleased with any dealings you have with Stanford International Bank.

Sincerely,


Robert S. Winter
Financial Specialist

Insurance/Bonds/Risk Management

Exhibit “B-3”

Willis

Telephone: (303) 218-4020
Fax: (303) 218-4058
Website: www.willis.com

Direct Line: (303) 218-4037
Direct Fax: (303) 218-4058
E-mail: Amy.Baranoucky@willis.com

RE: STANFORD INTERNATIONAL BANK LIMITED

Dear Sirs:

We are the insurance broker for Stanford International Bank and find them to be first class business people. We have placed the following coverages that are currently in effect:

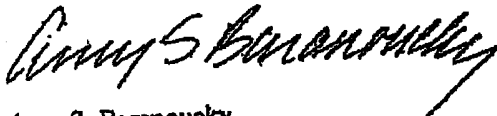
1. Directors and Officers Liability Insurance with Lloyds of London (Expiration 8/15/07);
2. Bankers Blanket Bond with Lloyds of London (Expiration 8/15/07);

All of these coverages have been in effect for various terms for the past six to twelve years, however, no representations can be made that such coverages will remain in effect.

In order to qualify for the above coverages, the Bank underwent a stringent Risk Management Review conducted by an outside audit firm.

We have found that all our dealings with the Bank have been conducted in a professional and satisfactory manner.

Sincerely,



Amy S. Baranoucky
Vice President
Executive Risks

Willis of Colorado, Inc.
Independence Plaza
1050 17th Street
Suite 750
Denver, CO 80202